

**SENATE RURAL & REGIONAL AFFAIRS & TRANSPORT
REFERENCES COMMITTEE**

INDEX OF TABLED DOCUMENTS

Inquiry into the management of the Murray Darling Basin

Canberra, 23 August 2012

LODGED BY	TITLE/SUBJECT	PAGES
Wakool Shire Council	Wakool Shire Council discussion notes	11
Wakool Shire Council	NSW Office of Water – <i>The Lowbidgee Water Licence – including Nimmie-Caira</i>	4

**Senate Rural and Regional Affairs and Transport Committee Public Hearing
Canberra 23 August 2012****Murray-Darling Basin Plan**

Wakool Shire Council is a member of the Riverina and Murray Regional Organisation of Councils (RAMROC) which made its submission to the draft Murray-Darling Basin Plan on 16th April 2012. RAMROC represents eighteen members Councils in the Murray and Western Riverina region of south western New South Wales. The region covers an area of 126,595 sq km and has a total population of 166,000 residents.

Refer to the RAMROC's submission (attached).

The Wakool Shire covers an area of 7,521 km² and has a population of 4,362 (2006 census) and its main industry and largest employer is the agricultural and forestry sector. Wakool is geographically the second largest Local Government Authority (LGA) in the Central Murray region (Conargo, Berrigan, Deniliquin, Jerilderie, Murray and Wakool) and it has the second highest irrigated use in the Central Murray. Around 90% of businesses in the Central Murray region are directly reliant on irrigated agriculture.

Council made its submission to the draft Murray-Darling Basin Plan on 16th April 2012. Copy attached.

Council also wrote to the NSW Minister for Primary Industries, The Hon Katrina Hodgkinson MP to advise that Wakool Shire Council's position is that unless there are significant changes to the draft Murray-Darling Basin Plan to address its failings, the NSW Government should withdraw from the process.

The Nimmie-Caira proposal

We understand that the proposal is for the sale and full control of 84,000 hectares (ha) within the Lower Murrumbidgee Icon Site (Nimmie-Caira), including full control of channel and floodplain infrastructure. The proposal includes (1) the sale of water entitlement to the Commonwealth water holder, (2) sale and full control of 84,000 ha of private land within the Lower Murrumbidgee Icon Site and (3) sale and full control of the channel and floodplain infrastructure to enable active management of environmental water within the Icon Site and downstream.

The attached *Fact Sheet* produced by the NSW Office of Water provides background on the water rights of the Lowbidgee Flood Control and Irrigation District, and the Nimmie-Caira proposal.

We are aware that the NSW Office of Water engaged the Risorsa Group of Griffith to prepare a feasibility/business case on the Nimmie-Caira proposal, which we understand was completed in June 2012. Wakool Shire Council representatives met with the Risorsa Group in early May 2012. We put several suggestions to the consultant, which are outlined below. To date we have not had any response to these suggestions nor have we had any confirmation of the likely land tenure if the land is acquired from the current owners.

Council's position is that the Nimmie-Caira landholders have every right to sell their land, infrastructure and water. However, the impact on Wakool Shire Council of implementing this proposal is likely to further erode the rate base of this Shire in a similar way to that which occurred when Yanga Station was purchased by the New South Wales government and converted into a National Park. Council is concerned about the impact on the economic output of the Shire.

In 2012/13 Council will raise \$36,688.57 in General Rates from these properties. Yanga Station was the Wakool Shire's largest ratepayer and, before gazettal, contributed approximately \$52,000 each year in rate revenue. In addition to the purchase of Yanga, NSW National Parks & Wildlife purchased another property on 5 March 2010, which removes a further \$6,000 each year in rate income to the Shire. Extrapolated to net present value this annual loss of rates now exceeds \$110,000 per annum.

It is for these reasons that Council proposed, in its letter of 19th March 2012 to Minister Hodgkinson, that this impact be offset by transferring all road infrastructure (roads, bridges etc.) north of the Sturt Highway within Wakool Shire plus Impini road to the State, if the Nimmie-Caira proposal proceeds.

An alternative infrastructure package was discussed during our meeting with the Risorsa Group. This package, which we have called the Nimmie-Caira Asset Strategy, includes the replacement of the three existing timber bridges on the Waugorah Road, resealing of 23km of Waugorah Road, gravel re-sheet of Waugorah/Coates Roads (28km) and Lourica Road (8km) and annual maintenance of the road infrastructure.



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16th April 2012

Dr. Rhondda Dickson,
Chief Executive Officer,
Murray Darling Basin Authority,
PO Box 3001,
CANBERRA ACT 2601

Dear Dr. Dickson,

RAMROC SUBMISSION - PROPOSED MURRAY DARLING BASIN PLAN

Introduction

The Riverina and Murray Regional Organisation of Councils (RAMROC) welcomes this opportunity to present a written submission in response to the Proposed Murray Darling Basin Plan.

RAMROC represents the interests of eighteen member Councils in the Murray and Western Riverina region of south west New South Wales. The region covers an area of 126,595 sq km and has a total population of some 166,000 residents.

The major regional service centres are Albury City (March 2012 ABS pop 51,359) and Griffith City (pop. 26,001). Major agricultural sectors of the region embrace highly productive irrigation areas and communities, the largest and best known ones being Murray Irrigation, Murrumbidgee Irrigation and Coleambally Irrigation. There are also very proactive private irrigation schemes and individual irrigators, as well as towns and communities that rely to a significant degree upon the natural river and forest environments and related tourism and local industries.

Dryland and irrigated agriculture, food and fibre production and associated processing, transport and service industries and businesses are very much the lifeblood and principal drivers for the region's environmental, economic and social wellbeing. Agriculture and irrigation will always be the fundamental foundations for the region's progress and sustainability.

In lodging this submission, RAMROC extends its appreciation to you as Chief Executive Officer and other senior MDBA officials for meeting with the RAMROC Member Councils in Hay on Wednesday 4th April 2012 and for the separate occasions in which the Member Councils have had the opportunity of conferring with Chairman Craig Knowles and attending other engagement meetings which MDBA has conducted throughout the Basin region.

With the advantage of information gained in discussions emanating from those meetings, in addition to taking full account of feedback from our region's communities and a broad range of other key stakeholders, this submission has been developed as the 20 week consultation period now draws to an end.

This submission will set out the reasons for RAMROC's ongoing opposition to the proposed Basin Plan in its current form. It will also comment on the key issues of concern and will suggest an alternative way forward with the objective of achieving more equitably balanced environmental, economic and social outcomes.

The reasons why RAMROC opposes the Proposed Basin Plan

MEMBER COUNCILS Albury, Balranald, Berrigan, Carrathool, Conargo, Corowa, Deniliquin, Greater Hume, Griffith, Hay, Jerilderie, Leeton, Murray, Murrumbidgee, Narrandera, Urana, Wakool and Wentworth

- The Proposed Basin Plan still provides for very substantial removal of irrigation water currently used for food and fibre production. When the pre 2009 water entitlement acquisitions are taken into account, over 3,600 GL will have been diverted by 2019 to satisfy generally unsubstantiated demands for watering of environmental assets;
- Water entitlements proposed to be diverted in the Murray and Murrumbidgee systems remain unacceptable and will impact extremely adversely on food and fibre production, with serious consequential economic and social impacts on businesses, service industries, tourism operators and communities across the region;
- The whole process of water buybacks to date has been poorly devised and managed, starting with ad hoc Commonwealth water buyback purchases that were never underpinned by any form of strategic plan. This has caused the often referred to "swiss cheese effect", leaving stranded assets, loss of agricultural production, and adverse impacts on families, businesses and communities;
- In most cases, it is believed that a majority of irrigators who have sold their water under the Government's buyback program have not indeed been "willing sellers", but more likely they sold their water out of financial pressure or family necessity, with the sale income mostly used to retire debt or to exit the agricultural industry altogether;
- The SDL calculations in the current Proposed Basin Plan are still not supported by any comprehensive and detailed Environmental Watering Plan, which was originally claimed by MDBA to be the fundamental first step basis for the determination of watering needs for the environmental assets and the calculation of new Sustainable Diversion Limits. The science remains unclear and is deemed to be unconvincing at best, in the same way as are the undefined and unquantified environmental outcomes;
- The Environmental Watering Plan as set out in the Proposed Plan provides only a framework and a guiding set of principles, thus requiring the respective State Governments to complete detailed EWPs at a later time. There appears to be no rational justification for this strategic shortfall, as comprehensive EWPs could easily have been developed and incorporated into the Proposed Plan by MDBA adopting a closer collaborative and co-operative working relationship with the States;
- The current proposals do not substantiate the undertaking given by the Federal Government and the MDBA Chairman in late 2010 that the Proposed Basin Plan would achieve a sensibly balanced triple bottom line outcome of environmental, economic and social factors. In fact, we now face unsubstantiated conclusions relating to the serious economic and social impacts on towns, communities, businesses and residents in irrigation areas, with quite dismissive consideration being given to a wide range of other external studies which project significant job losses, business downturn and population loss in irrigation dependent communities;
- The conclusions of the socio-economic analysis are suspect to say the least and certainly are at odds with the socio-economic studies that have been undertaken externally, which conclude that there will be very substantial and adverse impacts on employment levels, population decline, business, property values and service levels. The detailed analyses of socio-economic impacts undertaken by MDBA Consultants for individual catchments and towns still have not been made publicly available;
- There is no analysis of the disproportionate impacts in some low annual rainfall western areas of the region which lack agricultural diversification and where removal of irrigation will cause greater levels of damage to the economy, jobs and amenity of those areas. Wakool Shire west of Deniliquin is one typical example;
- Although the Proposed Basin Plan envisages an adaptive management approach and plans to spread the pain out over a longer period of time through to 2019, the eventual results will be the same, i.e. reduced food and fibre production in a world of growing demand, loss of Australian export income, further economic and social downturn in

already stressed communities and above all unavoidable increases in cost of living and food prices for Australian grown products. Any timetable for transition would need to be far longer and better planned and managed;

- The current proposal to undertake a mid term review in 2015 is far too early for a full re-assessment of all factors to be meaningfully undertaken, because it does not give sufficient time for infrastructure works to be completed and their water savings accurately determined, nor time for the identification of more effective and water efficient ways in which to deliver environmental water to the identified assets;
 - There is a total lack of Federal Government vision and strategy for Australia's water management future and no endeavour whatsoever to investigate alternative water solutions. There is no long term National Water Plan and certainly no attempt has been made by the Government to bring together the interrelated issues of water, food and fibre production, food security, sustainable regional and rural communities and a healthy river system and environmental protection. This is despite the fact that these key issues all fall under one combined Ministerial portfolio. A real opportunity of co-ordination and a Whole of Government approach has therefore been totally ignored;
 - The proposed Basin Plan completely ignores the question of structural adjustment for impacted catchments, towns and communities. Water is the lifeblood and by far the key economic driver for many parts of the southern basin region, and it is very difficult if not impossible to identify and attract alternative industries that can replace the severe loss of the economic and social fabric of those disadvantaged communities. It is inconceivable that this Federal Government is simply prepared to sacrifice rural Australia as merely collateral damage, ostensibly to satisfy a political agenda of city based extreme environmentalists, who have no concept of overall national interests;
 - The "downstream water recovery target" of 971 GL for the southern connected basin is still not apportioned amongst the applicable catchments and it seems from MDBA advice that the make-up of this additional "take" may not be determined in the short term. This is unacceptable, in that it perpetuates regional uncertainty at a critical point of time for the Murray, Murrumbidgee and Lower Murray-Darling catchments;
 - There has been no comparative cost-benefit analysis of the potential environmental assets outcomes resulting from the proposed additional environmental watering, vis-à-vis the cost-benefits of irrigated agricultural production and associated industry, transport, business, community, social, nature tourism and recreational fishing etc;
 - The issues of evaporation losses of some 900 GL per year in the South Australian Lower Lakes region have not been addressed in the Proposed Basin Plan. This defeats the whole concept of taking a "basin wide" approach and reinforces the understandable total lack of public trust and confidence in the process to date;
 - There is no analysis of environmental water delivery constraints and mechanisms, or of ways to address likely third party impacts. No details have been given as to the nature and extent of third party impacts on private properties, public lands, agricultural production and river based tourism (the Murray River at Tocumwal being a prime example), which will no doubt arise from prolonged periods of poorly timed environmental water releases and consequent sustained flood level conditions;
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- There is no mention at all of the potential for "hypoxic black water" and "fish kill" events which will occur under sustained high volume environmental flow conditions. There appears to be no understanding that history of the MD Basin clearly demonstrates that "nature looks after itself";
 - There is no demonstrated methodology as to whether the Commonwealth Water Holder is technically and administratively equipped to successfully manage the amount of environmental water that he already holds, let alone the additional amounts which are being proposed to be acquired;

- There is no documented review of the current health conditions of the Basin's catchment river systems and the identified environmental assets, arising from the wet weather and flood conditions that have occurred since 2010, following the break of the millennium drought. A high priority task is to undertake a comprehensive review and to compare those review results with the amounts of water entitlements already held by the Commonwealth Water Holder, in order to determine whether in fact any further acquisitions are required;
- There is little community confidence in relation to the MDBA references to the importance of "localism", the future role of catchment communities and the effective and logical utilisation of local technical experience and expertise;
- The Proposed Basin Plan unfortunately appears to adopt the faulty premise of "just add water" to resolve environmental issues, as well as an apparent assumption that the Basin's environmental problems can only be solved by so-called scientific experts;
- There is no comprehensive plan which assesses the amount of water savings that can be achieved through the implementation of specific infrastructure projects at either State or local levels, or to achieve water savings from infrastructure programs which can more effectively deliver environmental flows to some of the identified assets;
- There has been no consideration given to alternative mechanisms by the Commonwealth Water Holder for the acquisition and delivery of environmental water, particularly in relation to annual purchases or lease of temporary water allocations.

The current situation in relation to adoption of the Proposed Basin Plan

The Proposed Basin Plan currently has minimal support. It is strongly opposed by communities, businesses, property owners, irrigation organisations, food producers and the NSW and Victorian Governments on one hand, and at the opposing end of the debate it is also opposed by environmental groups, scientists and the South Australian State Government. There is also a clear and growing likelihood of potential legal action, on the grounds that the Proposed Plan contravenes the legislative intent and provisions of the Commonwealth Water Act 2007.

The wide ranging concerns expressed about the lack of the Proposed Plan's scientific credentials, its broad assumptions, its failure to include a detailed and workable Environmental Watering Plan, the doubts about the environmental water delivery capacity and catchment constraints, together with the potential for third party impacts, are all casting doubt about whether the Ministerial Council and the Federal Government will be positioned realistically to give a final approval to the Proposed Plan, without the risk of legal challenge.

Furthermore, the dramatic change in weather conditions since 2010, with high rainfall periods and flooding of the river systems and environmental assets, has given everyone time to now reflect and review on what has occurred in the restoration of healthy rivers and environmental asset conditions, in agricultural production and in communities generally, i.e. time to undertake an overall re-assessment of all relevant considerations throughout the Murray Darling Basin. It is also clear that the trust and respect of Basin communities has been completely eroded during the processes of the initial MDB Guide and more recently this Proposed Plan. There is no community confidence or trust in MDBA and the Federal Government to deliver a fair and equitable balanced Basin Plan.

Under these circumstances, arguably the best way forward might well be for both the Federal Government and MDBA to pause the process, take stock of these current situations and then to move forward along the following lines:-

- Cease all further environmental water buyback programs that will remove irrigation water from food and fibre production;
- MDBA to work closely with State Governments and give due recognition to the State Water Sharing Plans, so as to prepare up front a comprehensive Environmental Watering Plan as the foundation basis for reviewing the proposed Sustainable Diversion Limits;
- Extend the transition period to achieve the finally determined Sustainable Diversion Limits from 2019 to say the year 2030;
- Prepare a comprehensive plan of irrigation based infrastructure works which will identify and deliver significant water savings, including full details of savings that can also be achieved through improved river management strategies and rule changes;
- Proceed urgently with the implementation of the \$4.8 billion irrigation infrastructure programs, with particular priority to the nominated State Government projects that will expeditiously generate significant quantities of water savings;
- Undertake a comprehensive re-assessment of the current health of the river systems and the Basin's catchments and identified environmental assets, arising from the dramatic change in weather conditions and the increased water availability following the end of the millennium drought;
- The Commonwealth Water Holder to fully investigate and identify opportunities to supplement the current amounts of water entitlements that he holds, by way of temporary purchases and/or leases; as well as determining exactly how he will be able to physically deliver the environmental water entitlements and annual allocations;
- MDBA and the Federal Government to fully investigate all opportunities to undertake nationally important infrastructure projects, such as additional or enlarged water storages, river diversion schemes, system management strategies and other strategic options which can provide alternative innovative solutions to generate additional water resources in the Murray Darling Basin;
- The Federal Government to provide an urgent and substantial program of agricultural research and development, in order to identify realistic options for more water efficient food and fibre production in the Murray Darling Basin;
- The Federal Government to review its position in relation to the intent and provisions of the 2007 Commonwealth Water Act and if necessary to amend the Water Act to ensure equal weighting and balance of environmental, economic and social considerations;

Executive Summary

There is no doubt that the Proposed Basin Plan, with its recommended Sustainable Diversion Limits and associated additional acquisitions of irrigation water entitlements, will have permanent and deleterious impacts on food and fibre production in the southern Murray Darling Basin and particularly will continue to impact adversely on the future sustainability of communities in irrigation reliant areas.

Community and investor confidence in many of the RAMROC region's towns and communities are already at a very low ebb. There is strong evidence of business slowdown or failure, as well as deteriorating property values, personal hardship and loss of community services. These serious and unacceptable effects are very much attributed to the Basin Plan proposals.

The Proposed Basin Plan is vigorously opposed by a wide range of diverse organisations, and special interest groups throughout the Basin and likely by at least three State Governments.

Furthermore, the Plan potentially faces legal challenge, on the grounds that it may be in contravention of the intent and provisions of the Commonwealth Water Act 2007.

Whilst it is important to resolve these issues as expeditiously as possible to provide long term certainty for Basin communities, the end of the millennium drought in 2010 and the recent years of high rainfall and floods now present opportunities to review the work that has been undertaken by MDBA to date and to investigate other options which can achieve the desired environmental objectives in a much better and less disruptive way.

At the meeting in Hay on 4th April, RAMROC had forwarded in advance a list of specific questions, as had been requested by MDBA. These are again set out in the attached Appendix A. Whilst some of those questions were responded to by MDBA and were the subject of discussion, some were not adequately addressed. It would therefore be greatly appreciated if MDBA could, as part of its consideration of RAMROC's submission, provide specific written responses to the issues raised in each of those questions.

This submission therefore strongly advocates that the process leading to the development of a final Murray Darling Basin Plan be continued, but that the opportunity be now taken by MDBA and the Federal Government to postpone the final adoption of a Basin Plan at this point of time, so as to enable the following tasks to be undertaken:-

- to undertake a comprehensive review of the assumptions and conclusions which have so far been taken by MDBA,
- to review and as necessary to improve the scientific research that underpins the conclusions made so far by MDBA in relation to the Proposed Basin Plan;
- to work more closely with the respective State Governments and to make far more effective use of local experience and expertise;
- to immediately commence to prepare, in conjunction with State Government agencies and paying due regard to existing Water Sharing/Resource Plans, comprehensive and detailed Environmental Watering Plans for the respective catchments, as an integral component of the Proposed Basin Plan;
- to take full account of the rainfall and river inflow conditions for the years 2010 and 2011 and to model in detail the impacts of those high rainfall years;
- to completely review the current environmental condition of the various catchments, river systems and identified environmental assets, as a result of the changed weather conditions in 2010 and 2011, and consequently to carry out a full re-assessment of the proposed Sustainable Diversion Limits;
- to extend the transition period to the adoption of Sustainable Diversion Limits, with a suggestion of the year 2030 as a reasonable timeframe, and also to push back the proposed 2015 review to at least the year 2020;
- to review the socio-economic work and conclusions, so as to give far more detailed attention and acknowledgement of the range of external studies that have been carried out across the Basin, and to publicly make available full details of the socio-economic studies that have been undertaken for specific Basin catchments, towns and communities;
- to consider and develop alternative options and strategies to generate more water for the Murray Darling Basin system and watering of environmental assets, rather than simply removing irrigation water from food and fibre production;
- to prepare a comprehensive long term strategic plan, which clearly identifies realistic and achievable means of providing structural adjustment and economic diversity of the impacted catchments, towns and communities impacted by reductions in water availability, together with guarantees to provide the required levels of Government funding to implement identified actions, which will in turn ensure that communities are sustainable in the long term.

The Member Councils of RAMROC are committed to remain as important contributors to the MurrayDarling Basin Plan process and to assist in every way possible to achieve a balanced final Basin Plan within an appropriate timeframe; one which best meets environmental, economic and social outcomes and one that satisfies community expectations of fairness and equity.

Cr. Terry Hogan AM
Chairman
RAMROC

Mr. Ray Stubbs
Executive Officer
RAMROC

16 April 2012

Proposed Murray-Darling Basin Plan
Murray-Darling Basin Authority
GPO Box 3001
CANBERRA CITY ACT 2601

Dear Sir/Madam

WAKOOL SHIRE COUNCIL: UPDATED SUBMISSION ON THE PROPOSED BASIN PLAN

Wakool Shire Council resolved to make this submission at its meeting held on 21 March 2012.

This follows the invitation issued on 28 November 2011 with the release of the draft Basin Plan. Council has considered this matter on a number of occasions over the past few years and has engaged with a number of regional groups including the Riverina and Murray Regional Organisation of Councils (RAMROC), the Murray Group of Concerned Communities (MGCC) and the Murray Darling Association (MDA). Council has also encouraged Wakool Shire residents to provide input into Council's submission. Several submissions have been received and are attached.

Wakool Shire

The Wakool Shire covers an area of 7,521 km² and is geographically the second largest Local Government Authority (LGA) in the Central Murray region (Conargo, Berrigan, Deniliquin, Jerilderie, Murray and Wakool). Wakool's population has declined gradually since 2001 by an average of just over 1%. Its main industry and largest employer is the agriculture and forestry sector. Wakool produces 22% of central Murray rice, accounting for 11% of Australia's total rice production of \$30.2 million in 2005-2006. The total gross value of agricultural production in 2005-2006 in Wakool Shire was \$165.8 million, the highest within Central Murray. Non-dairy livestock is the most important agricultural industry. Wakool also supports a large fruit industry, and there is some grape production. Wakool used a total of 300GL of irrigated water in 2005-2006 and had the second highest irrigated water use in the Central Murray. There is little employment in sectors other than agriculture, meaning that overall diversity is still relatively low, second only to Conargo as the lowest in the Central Murray.¹

Issues and impacts

Socio-economic impacts and concerns

The Wakool Shire has a population of 4,362 (2006 census) and its main industry and largest employer is the agricultural and forestry sector (see above). Wakool had the second highest irrigated use in the Central Murray (see above). Around 90% of businesses in the Central Murray region are directly reliant on irrigated agriculture.²

It is estimated that for every GL of water that is lost from the region will result in:

- A \$300,000 loss of agriculture production within the Shire;

- Up to \$900,000 loss from the regional economy;
- \$3,500 in direct rate revenue loss;
- Loss of one agricultural job; and
- Loss of one regional job.³

As can be seen, the flow-on impacts of a significant drop in the rural economy, due to reduced water, will be pronounced and will challenge the viability of the Wakool Shire community.

Liabilities and risks

The Murray-Darling Basin has been, and will continue to be, subject to droughts and floods, events which communities must accept and for which communities must be prepared.

There can never be sufficient storage capacity to satisfy the annual needs of the environment, communities and farming industries during periods of prolonged drought.

Equally, our governments must understand the liability and risks associated with full dams, watered icon sites and overtopping banks when the reverse is true, especially when the Environmental Water Holder controls so much water. We need to understand what processes will be put in place to consult with affected landholders and what works are proposed to protect riverbanks and floodplains from erosion.

Water recovery

The draft Basin Plan models a 29% reduction in water use in the NSW Murray³. If the water recovered prior to 2009 is included, the total water recovered for the environment since 1995 is nearly 50% of historical use.

The proposal in the draft Basin Plan for the NSW Murray for a local reduction (68 Gigalitre (GL) remaining) plus an unknown proportion of the shared reduction amount (971 GL) is not acceptable.

We understand that Murray Irrigation faces a minimum of a further 20 per cent reduction over the 20 per cent that has already been acquired by various Governments for environmental purposes over the last decade; bringing the total to over 40 per cent. This is unacceptable to our communities that rely on the economic activity created from irrigated agriculture.

The downstream water recovery target of 971 GL for the southern connected basin is still not apportioned amongst the applicable catchments and this additional “take” may not be determined until the planned 2015 review. This is totally unacceptable as it perpetuates regional uncertainty.

The draft Basin Plan has failed to deliver a comprehensive environmental watering plan – originally referred to as the basis of determining Sustainable Diversion Limits (SDLs). This is completely unacceptable.

With the Commonwealth Water Holder now in possession of so much environmental water Council is concerned that this water will displace carryover and/or allocations in the dams thus interfering with the operation of the market. The draft Basin Plan does not provide any clarity around this issue.

We contend that the environmental watering plan should be about outcomes not water allocations. The focus should shift from just the river to the whole floodplain and should consider environmental water, on-farm use and the broader environment. It is to be noted that 65% of Wakool Shire is floodplain.

Delivery

The draft Plan acknowledges that regulatory and physical constraints limit the ability to deliver flows through active environmental management. We are concerned that the stretch of the Murray River immediately below the Hume Dam is to carry increasing amounts of water to achieve environmental flows downstream. The cost of addressing these constraints will be very expensive indeed. We are most concerned that the Barmah Choke is not included by the Murray-Darling Basin Authority (MDBA) as a constraint despite this natural narrowing of the channel being a major issue to delivering flows downstream.

We haven't seen the effect that pushing all this environmental water through the NSW Murray (including the Edward and Wakool river systems) will have on Wakool Shire. We are most concerned at the impact that reduced access to our riverside environments will have on our tourism industry.

The Lower Lakes

Why should our constituents be asked to re-configure the Murray Irrigation system when the Lower Lakes are not asked to do the same?

Greater consideration should be given to reduce the high levels of evaporation in the South Australian Lower Lakes, said to be up to 900 GL/year. Council supports prioritised funding for South Australia for implementation as part of the Basin Plan, such as a connection between Lake Albert and the Coorong, completion of the outstanding reflow work on the SE drainage scheme and upgrades/modifications to the antiquated barrage system.

Conclusion

It is clear that the trust and respect of our community has been eroded during the process of the initial Guide and, more recently, the proposed Basin Plan. There is little confidence in the MDBA and the Commonwealth Government to deliver a fair and balanced Basin Plan.

Council's view is that there should be significant changes to the draft Murray-Darling Basin Plan to address its failings.

All further environmental water buyback programs that remove irrigation water from food and fibre production should cease.

A comprehensive plan of irrigation based infrastructure works which will deliver water savings, including details of the savings that can also be achieved through improved river management strategies and rule changes, should be prepared.

The Basin Plan should deliver a comprehensive environmental watering plan, should include the management of the Lower Lakes in South Australia and its implementation should be delayed until the benefits of the existing water sharing plans are properly evaluated.

Yours sincerely

Bruce Graham
General Manager

¹ *Wakool Shire: Strengthening Irrigation Communities Synthesis Report – Stage 1: Where are we at now?* Hyder Consulting Pty Ltd, Dec 2010.

² *NSW Central Murray profile – Delivering the Basin Plan*, Marsden Jacobs, Nov 2011.

³ *Socio-Economic Impacts: Closure of Wakool Irrigation District (or parts thereof)*, RMCG, June 2009.

⁴ *The proposed "environmental sustainable level of take" for surface water of the Murray Darling Basin*, Murray-Darling Basin Authority Nov 2011, p77.

NSW WATER INFRASTRUCTURE PROJECT

The Lowbidgee Water Licence – including Nimmie-Caira

31 July 2012

Water rights of the Lowbidgee Flood Control and Irrigation District

The Lowbidgee Flood Control and Irrigation District was constituted on 24 January 1945.

Part 7 of the *Water Act 1912* provided for the establishment of such districts by the (then) Water Conservation and Irrigation Commission (WC&IC) to construct, acquire or utilise works needed for flood irrigation and to then supply water to the land within the district for the purpose of flood irrigation.

The Lowbidgee Flood Control and Irrigation District consists of **3 separate areas**, Nimmie-Caira, Redbank North and Redbank South and the works used to distribute water into and within the Lowbidgee areas are a mixture of government and private landholder works.

The Government-owned works include the Redbank and Maude weirs that divert water from the Murrumbidgee River into channels that enable the distribution of water onto the Lowbidgee floodplain.

These weirs were constructed in 1940 by the WC&IC on behalf of the River Murray Commission under the *Water Act 1912* and the *River Murray Agreement*.

Maude weir



These weirs also compensated for the loss of natural flooding arising from the construction of major upstream water storages.

The diversion of water into the Nimmie-Caira area is only allowed during periods of supplementary flow. That is, periods where flow is greater than that required to meet downstream consumptive needs. This includes when the water is required to be allowed to flow to Lake Victoria in the far south-west corner of NSW so that it contributes to water availability in the Murray Valley.

Periods of supplementary flow are different from flood flows. Supplementary flows at Maude weir are typically within bank and can be directed through the weir. Flood flows occur far less regularly and are typically over-bank and pass into the area without regulation. Large overbank flows passed into the Nimmie-Caira area in 2011 and 2012, but prior to that there had not been any significant overbank flows since 1996. Overbank flows occurred regularly between 1981 and 1996.

The water that is currently diverted for flood irrigation is separate from and additional to overbank flows.

Paying for that water right

The original proclamation, establishing the Lowbidgee Flood Control and Irrigation District set a maximum annual rate per acre to be paid by landholders within the district on land that can benefit from flood irrigation that is supplied via the Lowbidgee works. This rate has progressively risen over the years and is currently set at \$4.10 per hectare.

The charges effectively cover the operations and maintenance costs of State Water, in managing the Government owned works and the costs of maintaining the private works required to manage distribution of water within the areas.

These costs have been paid by the landholders whose land received water diverted for flood irrigation in the Lowbidgee for 66 years, since the district was formed.

Water licensing

Since 1994, the NSW Office of Water has been implementing the water reform program agreed by the Council of Australian Governments and the National Water Initiative.

This has required that all entitlements be changed from area-based licences to volumetric entitlements, that are separated from land, and that the costs of management of those entitlements are recovered.

NSW has been converting area-based licences into volumetric entitlements since the mid-1980s when licences in regulated river valleys that authorised the diversion of water onto an authorised area were converted to volumetric entitlements.

In recent years area-based licences in all unregulated river and groundwater systems have been progressively converted into volumetric entitlements. The volumes determined for the entitlement typically reflect the licensed users' history of diversion.

Similarly, in the 1990's, town water licences for all urban utilities have been converted into volumetric entitlements.

The conversion of the right to flood irrigate benefitted areas in the Lowbidgee into volumetric entitlements that reflect the history of use is now being implemented through the Proposed Amendment to the Water Sharing Plan for the Murrumbidgee Regulated River Water Source 2003. These rights will be issued to the individual property owners within the Lowbidgee areas in proportion to their area of land that has historically benefitted from diversions.

Supplementary water is used for flood irrigation



The inter-connected nature of the infrastructure for internal water distribution within the Lowbidgee, where water moves from property to property via creeks, channels and sometimes overland, has historically required high levels of cooperation between landholders.

In other respects, the land that benefits from the diversion of water for flood irrigation supplied by Lowbidgee works is no different from the 'authorised areas' in unregulated NSW rivers where water was previously allowed to be diverted for irrigation or other purposes without volumetric limits.

What are the Lowbidgee licensed entitlements?

Under current arrangements, water is diverted from the Murrumbidgee Regulated River to the Lowbidgee during periods of supplementary flow without the need for an access licence. This is allowed under section 276 of the *Water Management Act 2000*. These powers only extend to diversions via Lowbidgee regulators located within the Maude and Redbank weir pools.

Under the National Water Initiative NSW is required to develop water sharing plans that clearly specify the statutory nature of licensed water entitlements.

The proposed Amendment to the Water Sharing Plan for the Murrumbidgee Regulated River Water Source 2003, will achieve this by extending the diversions from the regulated river water source to include the diversions that have historically been made under the respective legislation into the Lowbidgee. The licensed entitlements issued to the landholders will be clearly identified.

Reflecting the historical diversions into the Lowbidgee, all proposed licences to be issued will be 'supplementary water (Lowbidgee) access licences', a new category of licence in the Murrumbidgee Regulated River valley. This entitlement only allows holders in the Lowbidgee

to divert water through Lowbidgee works for flood irrigation during periods of supplementary flow.

The proposed licence shares are based on the maximum recorded historical diversion from the Maude and Redbank weirs for each of the three areas of the Lowbidgee, since 1980 when the last major augmentation of the weirs occurred.

This process reflects the variable nature of water availability in the Lowbidgee. In years when supplementary water is available for extended periods, significant volumes are diverted. In drought years there are minimal or no diversions.

For the whole of the Lowbidgee, the total volume of water shares will be 747,000 unit shares (equal to a maximum diversion of 747,000 megalitres in a year) of licensed entitlement. For each area with the Lowbidgee, the shares are:

- 381,000 units for Nimmie-Caira
- 211,000 units for Redbank North
- 155,000 units for Redbank South.

Consultation

The proposed amendment to the *Murrumbidgee Regulated River Water Sharing Plan*, which establishes the supplementary water (Lowbidgee) access licences for the Nimmie-Caira, Redbank North and Redbank South areas of the Lowbidgee Flood Control and Irrigation District, was exhibited from 26 April 2012 to 4 June 2012.

The consultation process included a widely publicised information session on the proposed amendments, which was held in Balranald on 15 May 2012.

A total of 14 submissions were received. These were reviewed by the Interagency Regional Panel (IRP). No changes to the proposed amendments were recommended.

While submissions received during public exhibition of the draft plan raised a number of key issues, none of them were opposed to the proposal to recognise the long history of diversions to the Lowbidgee as supplementary water (Lowbidgee) access licences, a new category of licence in the Murrumbidgee.

What water charges will apply?

Since 1997, water charges for licensed water access entitlements have been determined by the NSW Independent Pricing & Regulatory Tribunal (IPART).

Currently, the landholders of the Lowbidgee that benefit from water diverted through works for flood irrigation pay annual charges direct to State Water, based on their area of land that can be

flood irrigated. This charge covers State Water's costs in managing and operating its internal delivery works.

This annual charge is a continuation of the original benefitted area charge that has been levied since the District was established in 1945 and pre-dates recent water reforms whereby area-based entitlements are converted to volumetric entitlements so that users of water can pay their share of the costs associated with the impacts of their extracting water from the water source.

When the Amendment to the Water Sharing Plan is enacted, the long history of authorised diversions to the three areas of the Lowbidgee will, like all other legally authorised diversions before them, be recognised as volumetric licensed entitlements and will also be subject to bulk water charges determined by IPART. This will ensure that users of supplementary water (Lowbidgee) access entitlement will pay their share of the cost of their diversions from the regulated river.

In summary the charges to be levied against the proposed supplementary water (Lowbidgee) licensed entitlements for their diversion of water from the regulated river will include:

- Water delivery charges - paid to State Water Corporation (currently \$3.72/ML)
- Water management charges - paid to the NSW Office of Water (currently \$0.75/ML)

Note: As Lowbidgee entitlements are a category of supplementary water which is not stored and delivered from any of the regulated storages these charges are only on the volume of water that is diverted. Like other supplementary water users they will not be charged a fixed fee as they have no right to have their water regulated in a major storage.

The Lowbidgee licence holders will still be required to pay State Water separately for their costs associated with the internal delivery of that water once it is diverted into each of the three areas. It is likely that State Water will request that these costs be considered in the next IPART determination so that an independent body can determine the maximum cost that State Water should charge their Lowbidgee customers for their internal delivery works and services.

Can these entitlements be traded?

When licensed entitlements are issued they will be able to be traded, but trade of 'supplementary water (Lowbidgee) access licences' will be limited by their characteristics. As supplementary entitlements, there is limited demand for the entitlements for consumptive purposes as they are only available in the Murrumbidgee Valley when

periods of supplementary water is available. They can't be stored for diversion later.

However, these entitlements are valuable for environmental purposes for a number of reasons including:

- Water is available for the environment at times that it would have occurred naturally
- The owner of the entitlement can determine whether to divert water into the Lowbidgee or allow it to stay in-stream, for diversion to environmental assets downstream.

If the Lowbidgee users sell their entitlement they would no longer have a right to 'divert' that water from the Murrumbidgee River into the Lowbidgee for irrigation. In other words they cannot both sell and then use diverted water into the Lowbidgee for consumptive use.

How do the entitlements fit into the NSW proposal for the Nimmie-Caira area?

The NSW Office of Water, in consultation with Nimmie-Caira landowners and regional Councils, has undertaken a feasibility study and prepared a Business Case for a proposal for consideration by the Commonwealth Government.

The proposal is a complex combination of components that includes:

- The purchase of land, water and infrastructure
- Development of future land management options including the potential for Indigenous land management and an alternative pipelined stock and domestic supply
- Reconfiguration of existing water distribution infrastructure to enhance environmental outcomes in the Lowbidgee and to increase the capacity to deliver environmental flows downstream of Balranald
- Offsets to Hay, Wakool and Balranald Councils to ameliorate potential reduction in regional economic activity from reduced agricultural production.

Because of the nature of the licence and entitlement to divert water, the water supply and distribution network and the outcomes sought for

the floodplain environment, it is only in the interest of the NSW Government if all irrigation entitlement in the Nimmie-Caira area is included in the project. It would not be possible to achieve the collective outcomes sought if there remained individual entitlements for flood irrigation that were required to be diverted during periods of supplementary flow.

This would reduce the capacity not to divert water from the Murrumbidgee River at times to meet the environmental needs of the Murrumbidgee River and the Murray River downstream.

If the Commonwealth agrees to fund the proposal, a combined supplementary water (Lowbidgee) access licence issued for the Nimmie-Caira area, equivalent to 381,000 megalitres (173,000 long-term average annual diversions) will be transferred to the Commonwealth Environmental Water Holder.

If the Commonwealth Government does not agree to fund the proposal, the supplementary water (Lowbidgee) access licence equivalent to 381,000 megalitres will be retained by the Nimmie-Caira landowners.

Open channels such as this in the Nimmie-Caira can lose significant volumes of water to seepage and evaporation each year.



More information

For more information contact Bunty Driver on 0407 403 234 or visit the NSW Office of Water website www.water.nsw.gov.au

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