



MURRAY DARLING BASIN  
PLAN GUIDE  
SUBMISSION



## **SUBMISSION RE: MURRAY DARLING BASIN PLAN GUIDE**

The Goondiwindi Regional Council (GRC) is extremely disappointed by the guide plan delivered by the Murray Darling Basin Authority. It is obvious to GRC that no regard has been shown to the people that have been involved in consultation with this process from the outset. Goondiwindi Regional Council was one of the first Councils to insist that the Plan should address the social & economic losses to our areas. We have attended meetings with the MDBA representatives and also Minister Wong expressing our sincere concerns only to be informed they would not be addressed in the preparation of the Guide or Draft.

GRC believes that the majority of scientific information and data for our area has been totally ignored in preparing the draft guide.

The MDBA have taken a typical enviro-centric approach, asserting that the imminent and unavoidable catastrophe requires a radical reorganization of our society and economy. The GRC contends that we need to take a mainstream, techno-centric approach, which contends that the solution will require human ingenuity, informed by science, using many of the tools available in a modern, industrial society.

The current Guide has some misleading information and incorrect data. For example it states the Border Rivers is a major mining district. I can assure you that we as local government would be well aware of any mining activity in our council area. The Goondiwindi Regional Council is some 19,000 sq kms in area and currently, we have 2 registered petroleum leases in the whole region. At a recent public meeting Arrow Energy, the major tenement holder, announced that they are beginning exploration in the eastern end of our council region. They announced that production was not included in their 10 year plan.

GRC supports the submissions lodged by our peak water user body, Border River Food & Fibre, who have addressed a number of these misleading untruths.

The Queensland State Government implemented a ROP in 2008 which led to major reductions in water availability to the Border Rivers. The results of this reform have not come to fruition to date due to the continued drought BUT we strongly urge the MDBA to take this into consideration when assessing the situation.

GRC believes that the continued 'buy back' is premature until the real impact of the ROPs are known. What the MDBA is recommending is particularly draconian on top of these major State reforms.

This council believes that the delivery of the Basin Plan should be delayed until the findings of the newly announced Parliamentary Enquiries are released. It is pointless to continue the process until all findings are released.

GRC is aware of the need to address environmental concerns but surely that does not preclude it from considering other options to meet SDL's. To rely on Buy Back as the sole means of redeeming water is far from satisfactory to this council. Any loss of consumptive water **MUST** be kept to a minimum and all possible methods of water savings must be fully considered. GRC urges investigations into water savings including reconfiguring of storages and artificial lakes to achieve reductions.

In general, we find this Guide a disturbing document especially after all of the work and co operation that has occurred over the last few years.

Goondiwindi Regional Council will be working closely with other Local Governments and State Government departments to ensure that our Border Rivers Region is adequately represented when the Guide for this Plan is delivered.

GRC believe the State of Queensland and the local irrigation industry have come a long way in recent years, to a point that the Border Rivers should be seen as a **centre of excellence in Irrigation Practice and Agriculture**. This is backed by many reports supporting the fact that the Border Rivers is one of the healthiest working river systems in Australia. **Why destroy this healthy and working system?**

We urge all concerned to take time to **“get it right”**. It is not overstating it to suggest in its current one-sided form the guide could devastate regional Australia particularly the ‘food bowl’ areas such as ours. Does Australia no longer value our communities? No amount of compensation will ever address the damage caused by bad Basin planning. We cannot afford to bow to Green political pressures and rush it through. .

The Goondiwindi Regional Council has serious concerns about proposals contained in the MDBA “Guide to the proposed Basin Plan”. While we recognise the need to restore the Murray Darling to a healthy river system by returning a portion of current diversions to the environment, the proposals contained in the guide are unrealistic for our Border Rivers catchment. Water users in the Border Rivers have already contributed their fair share of water to the environment below Mungindi.

We ask that our submission highlighting areas of concern for the Goondiwindi Regional Council in relation to the guide proposals be properly considered.

Graeme Scheu.  
Mayor.  
Goondiwindi Regional Council

## RECOMMENDATIONS:

The Goondiwindi Regional Council submits the following recommendations for consideration by the Murray Darling Basin Authority when drafting the Basin Plan:

1. The implementation should be delayed until **2019** so that all State Plans expire at the same time giving all water efficiency measures and infrastructure improvements a reasonable time to be implemented.
2. An immediate review of the scientific modeling used to formulate the proposals contained in the Guide should be undertaken. All reputable scientific analysis of requirements for return of water to the environment should be considered in the review. There are information gaps in the scientific information used that have already appeared in the current Guide and those gaps need to be **filled and clearly articulated before proceeding**.
3. A list of all **Environmental assets** should be listed and explain why the Border Rivers is being asked to deliver a further **52gl per annum on average** to meet Barwon Darling needs. These proposals should be justified by scientific evidence that proves any water transfer between catchments for environmental purposes will result in the targeted outcome.
4. That the government take the initiative with water use efficiency programs and works and implement such works wherever possible to make best use of all environmental water that the government already owns. All feasible water efficiency programs should be **fully implemented** prior to any further Buy Back.
5. Goondiwindi Regional Council is not of the belief that Buy Back presents the best method of returning water to the environment. Council strongly supports further investigation into the possibilities of the **reengineering in the appropriate river systems for example Menindee Lakes**.
6. The Draft Basin Plan must not be released until the findings of the **Parliamentary Enquiry** are taken into account.
7. That the **Murray and the Darling Basins should be treated as two completely separate** river systems. The two river systems are very different in terms of their **hydrology**.
8. Goondiwindi Regional Council is of the strong belief that the results of this Plan should reveal and **even triple bottom line** outcome that treats **economic, environmental and social** factors equally.
9. Goondiwindi Regional Council believes it is essential for the MDBA to visit all regions to **fully explain the science justifying any cuts** in entitlements and the management proposed for these environmental assets.
10. Goondiwindi Regional Council believes that the MDBA needs to supply a list of environmental assets and functions that are to be serviced, so these can be assessed by local environmental experts.
11. That the Buy Back program be suspended until the results of all enquiries are completed and tabled. **If Buy Back needs to re commence in the Border Rivers, sleeper licenses should be the number one priority**.
12. Purchase of water must only come from **“Willing Sellers”** and no fall back of “Risk Assignment” should be entertained during the course of this Plan.
13. In the event the planned SDL’s are not achieved, the Government must clearly identify the **implementation of Risk Assignment**. The current

statement that water will only be taken from **Willing Sellers** is **misleading** and there has been no explanation of how Risk Assignment is to be implemented if required.

## 1. IMPACT ON IRRIGATED AGRICULTURE INDUSTRY:

The proposals in the guide would appear to have differing effects on individual irrigators at this stage as government policy stands.

Irrigators will have the opportunity to offer their water "At the Vendors stated price" through the buy back scheme as long as the stated policy to only purchase from "**Willing Sellers**" exists. However this by no means guarantees any price return to the irrigator.

We have grave concerns over the inclusion of "**Risk Assignment**' during the life of **this Plan**. Should there be any change to the current "**Willing Seller Policy**", it would create a catastrophic result to the Goondiwindi Regional Council area and other areas and we strongly urge the policy to buy from Willing Sellers only to continue. Government needs to fully explain the procedure should recovery of water through the Risk Assignment process be required.

The concern to council remains "What will happen if not enough willing sellers offer water back to the environment?" There is some uncertainty within the guide with the wording of a summary - *"However, the Australian Government has committed to recovering sufficient water access entitlements to fully offset the impact of the SDLs across the basin, including the Border Rivers region. This will be achieved through a combination of purchasing entitlements in the market and investment in more efficient irrigation infrastructure. Consequently, should these targets be met, there are likely to be no reductions in individual water entitlement holder allocations"*.

There is no certainty under **Risk Assignment** in this statement to suggest that forced reductions may not occur in the future and these will impact on irrigator's individual operations, livelihood, their ability to profit from their business venture and be a source of money invested into the regions service industries.

The buy back option may be used as leverage by lenders to force sale of water allocations to reduce debt levels.

*"Banks have the legal entitlement under their loan agreements to take action to call in any loan once the Guide is released if a reduction of water allocation is proposed which materially affects the financial position of their business". "Compensation or funds received from a water buyback scheme for licensed water holders is likely to transfer directly to the banks to reduce their loan exposure under the loan documentation. These funds will rarely be directly retained by the licensed water holders under current arrangements as banks will have first rights to the funds to repay outstanding debt. Accordingly, little of these funds will stay in the local community". "Debt levels in the Basin are at record levels; many businesses are being 'encouraged' to sell their water entitlements to reduce debt. A number of businesses and farms are unviable and banks need to capitalise interest on some borrowers because the market for sale of the assets is limited. These water holders could be assumed to be willing sellers in the water buyback scheme and contribute to the sustainable diversion limits. Whether these and other willing sellers would be sufficient to meet the sustainable diversion limit target is unclear"*.

The impacts of the Basin Plan will be reduction in productivity from the irrigated agriculture sector and the subsequent loss to the local economy.

The revenue received by willing sellers of water will either go directly to the lenders to reduce debt or potentially be used for investments outside our region. Either way it is unlikely that a significant portion of these funds will be retained in the local economy or be invested in adjustment programs.

## 2. INVESTMENT IN BASIN COMMUNITIES:

The process of developing the Basin Plan and the delays in releasing the proposals and the inclusion now of the Draft prior to the Guide, has created significant uncertainty.

*“Banks are concerned that proposed changes in the amount of water that is available for consumptive purposes in the Basin will have on the level and certainty of cash flows and asset values of borrowers” “Banks considered the long lead time between announcing the SDLs and their implementation, a separate entity determining the SDLs compensation arrangements, the function of the State Governments and implementation via a State based Resource Management Plan as significantly adding to uncertainty and thereby negatively influencing their funding decisions”. “In the absence of a certain and transparent buy back mechanism which does not require water irrigators to surrender their water entitlements if they do not desire to do so, banks consider a reduction in water allocated to consumptive use in the Basin of 20% will be equivalent to perpetual drought conditions.” “There is considerable uncertainty for capital providers (debt and equity) about the buyback, compensation and transition arrangements given the timing differences between the announcement of the water reductions and the offsets provided by compensation and transition. Banks indicated that they may not wait for these issues to be resolved before taking action to reduce their exposure.”*

Other businesses in communities; those supplying directly to the agricultural industry and local retail and service based businesses are possibly more at risk of impacts, *“Banks are aware that the support mechanisms under the Water Act 2007 does not provide for compensation for loss for businesses dependent on the irrigation sector. They are identifying those businesses in the processing sector and communities affected by reductions in water to irrigators so that they may take pre-emptive action if required.” “Banks are observing increased mental distress in regions most effected by the drought which are economically reliant on irrigation”.*

The indications from these statements are that the perceived impacts are already influencing lending and investment policy for the Basin. The perceived high risk of any investment in businesses in Basin communities as a whole and not just the irrigation industry will result in economic decline and limited sources of finance for any adjustment programs. The fact that the banking industry considers reductions in SDLs of 20% to be equivalent to permanent drought is of concern. Most proposed reductions in the guide are around 20% or greater which would severely limit any future investment in basin communities.

Goondiwindi Regional Council recommends that the Australian Government allocates significant funds for planning and implementation of adjustment programs **in catchments where reductions are proven necessary.**

*“A portion of these savings could, where justified on social and economic grounds, be used to invest in infrastructure to build communities and help them make the most of economic opportunities available to them.”*

The Local Government Act in Queensland requires all councils to develop Community Plans. These plans will identify catalyst projects that will help communities diversify and encourage economic and population growth. This is an ideal time for the Australian Government to allocate funding to assist in the implementation of any sustainable adjustment strategies that are identified in this process. The future of Basin communities relies on innovation and diversification to adjust to losses in irrigated agriculture. To facilitate these adjustments significant investment is required in particular by the Australian Government.

### **3. COMMUNITY SENSITIVITY TO A REDUCTION IN WATER AVAILABILITY:**

Goondiwindi Regional Council commissioned a study on the sensitivity of individual communities in our area to a reduction in SDLs. *“The analysis is structured around the concepts of exposure (to reductions in water availability), sensitivity (of communities to these reductions because of their dependence on irrigated agriculture), and adaptive capacity (of communities to adjust to the impacts and avoid social and economic damage). The interaction of these three factors determines the overall vulnerability of communities.”*

*“A further measure of vulnerability, hinterland vulnerability is also mapped. Hinterland vulnerability is a measure, for a particular CCD, of the vulnerability of surrounding CCDs rather than of the CCD itself”.*

This has particular relevance to Goondiwindi town as surrounding data districts rely heavily on the services and businesses in Goondiwindi.

This report identified the variance between communities even within our council area. The type of irrigation licenses, cropping practices and level of dependence on irrigation within our region differ from east to west. The eastern area rely more heavily on public water storage (Glen Lyon & Coolmunda dams), has smaller irrigated areas of fodder and small cropping and more reliable access to allocated entitlement. The western area has more on farm storage, larger areas of irrigation and higher yield crops such as cotton. Reliability of access to allocated entitlements in this area is much lower due to diversions being limited by availability of surplus flows in the system.

The towns of Texas and Inglewood in the eastern area were assessed as having Low to Moderate adaptive capacity to adjust to reduction in SDLs ( with or without Risk Assignment). These negative impacts will have a flow on to the regional Centre of Goondiwindi.

*“The vulnerability of the BROC region is compared with that of the remainder of the Murray Darling basin, showing that the region has a large number of the most vulnerable CCDs in the Basin (8 out of the 10 most vulnerable), with the remainder of the CCDs in the BROC region being no more or less vulnerable than other parts of the basin.”*

In fact 5 of the 10 most vulnerable CCDs are reliant on Goondiwindi as a service centre and the significant impacts in those areas will have a direct result on the economy of Goondiwindi.

The businesses most directly affected will be those that service the irrigation industry; contractors, machinery & rural suppliers and processing industries (cotton gins) will suffer significant losses. This will flow on to loss of employment in the sector.

One of the adaptive capacity measures is mobility of workforce and in the western region we have a very mobile work force. Emigration of workforce will result in loss of population base, subsequent loss of service provision (schools etc.), loss of revenue in local economy and reduction in business activity for local retailers.

#### **4. POLICY DECISIONS VERSUS ENVIRONMENTAL SCIENCE:**

The proposals for reductions in SDLs in the Guide **appear to conflict with other scientific recommendations.** For example the Wentworth Group recommendations for Border Rivers to achieve *“additional environmental water (Cap equivalent) required to return flows to two thirds of the natural level is 3.6% reduction in current diversions”.*

The Guide recommendations for similar return to environment (4000GL/y) is 25% reduction in current diversions for the Border Rivers. This is a massive variance in proposed reductions and raises serious questions about the scientific justification for the higher level of cuts.

The **Murray and Darling** are two distinctly separate river systems even though they join. Any assessment of return of water for environmental purposes needs to acknowledge this fact particularly in relation to determining any reductions in SDLs for downstream environmental benefits.

Some catchments across the Basin have suffered from over allocation. The Border Rivers has recently undergone massive reform at State Level where reductions between 30% to 50% percent were common; in all cases, the irrigator received no

compensation. As a result of that reform the Border Rivers is now regarded as already being at a sustainable level of extraction as evidenced by the Sustainable Rivers audit which quotes the Border Rivers to be the healthiest working river in the Basin.

Council believes that it is wrong to penalize an already healthy catchment like the Border Rivers to correct the over allocation that may have occurred in other catchments.

## **5. MECHANISMS FOR ACHIEVING PROPOSED REDUCTIONS TO SDLS:**

Current good rain following recent long drought plus the current State Water Management Plans that are not due to expire until 2014 gives a window of opportunity for government to further investigate all water efficiency mechanisms.

**Public and private water infrastructure** needs to be considered to win back as much water through system efficiency implementation to reduce the quantities required to be recovered through the buy back scheme.

Buy back is a short term measure only while water efficiency and engineering measures for irrigation and environmental use will provide longer term triple bottom line benefits with far better sustainability outcomes for Regional Communities such as the Border Rivers.

### **Bibliography:**

1. *Summary of Border Rivers Region from the Guide to the proposed Basin Plan – Murray Darling Basin Authority. Page 2*
2. *The potential effects of changes to water allocation policy on financing the agricultural sector and businesses in the Murray Darling Basin. Report to the Murray Darling Basin Authority – prepared by Adrian Rizza, Independent Banking Consultant, October 2010. Page 6.*
3. *The potential effects of changes to water allocation policy on financing the agricultural sector and businesses in the Murray Darling Basin. Report to the Murray Darling Basin Authority – prepared by Adrian Rizza, Independent Banking Consultant, October 2010. Pages 6 & 7.*
4. *Sustainable Diversions in the Murray Darling Basin; An analysis of the options for achieving a sustainable diversion limit in the Murray Darling Basin – Wentworth Group of Concerned Scientists June 2010. Page 22.*
5. *Sensitivity to a Reduction in Water Availability of parts of the BROOC Region prepared by Institute for Rural Futures, University of New England – May 2010 Page 1.*
6. *Sustainable Diversions in the Murray Darling Basin; An analysis of the options for achieving a sustainable diversion limit in the Murray Darling Basin – Wentworth Group of Concerned Scientists June 2010. Page 14*
7. *Sustainable Diversions in the Murray Darling Basin; An analysis of the options for achieving a sustainable diversion limit in the Murray Darling Basin – Wentworth Group of Concerned Scientists June 2010. Page 20*