



The Hon Katrina Hodgkinson MP

Minister for Primary Industries
Minister for Small Business

IM12/20325

Mr Tony Windsor MP
Standing Committee on Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr Windsor

Thank you for your letter of 1 June 2012 concerning the *Inquiry into certain matters relating to the proposed Murray-Darling Basin Plan*.

I have attached NSW's comments on the following three points from the terms of reference of the Inquiry:

1. Progress to date in water recovery towards bridging the gap by 2019 through both irrigation infrastructure investments and water purchase.
2. The potential role that new environmental works and measures projects could play in partially offsetting SDL reductions under the Basin Plan, focussing particularly on prospective project proposals identified by state governments and community interests.
3. The groundwater sustainable diversion limits (SDLs) for Basin in the revised proposed Basin Plan.

I also attach for the consideration of the committee:

- a. NSW Government submission on the proposed Murray Darling Basin Plan
- b. Summary of regional water reform and environmental water recovery in NSW
- c. Menindee Lakes water savings opportunities – information paper

The NSW Government is also working with local Murray-Darling Basin communities to identify potential projects to improve delivery, water saving efficiency, or efficient environmental outcomes achieved by using less water, and I refer the Committee to the project web page for more information:

www.water.nsw.gov.au/Water-management/Water-recovery/Environmental-Works

I have asked that Mr David Harriss, Commissioner, NSW Office of Water, be available to discuss this matter further with you. Mr Harriss may be contacted on 02 8281 7357.

Yours sincerely

15 JUN 2012

Katrina Hodgkinson MP
Minister for Primary Industries

Inquiry into certain matters relating to the proposed Murray-Darling Basin Plan NSW Response to the Terms of Reference

1. Progress to date in water recovery towards bridging the gap by 2019 through both irrigation infrastructure investments and water purchase

NSW supports the position that water recovery should be undertaken through diverse means such as infrastructure projects, environmental works and measures and strategic purchases agreed with States and communities.

NSW has continued to work with the Commonwealth in finalising the State Priority Projects (SPPs), which were endorsed by NSW and the Commonwealth on 5 June 2012 after almost four years of due diligence negotiations. NSW SPPs are anticipated to recover around 70 GL of water towards bridging the gap.

NSW will continue to work with the Commonwealth to examine options to recover water through a diverse water recovery strategy.

However, the Commonwealth has provided a wide range of estimates of water recovered to date, future recovery anticipated from infrastructure and other means, and the balance to be recovered through licence purchase.

This wide range of estimates presents a major challenge for States and communities in understanding the potential impacts of the Basin Plan.

In addition, there has been little detail provided on the basis of estimates of possible water recovery through infrastructure, environmental works and measures and other options. This inhibits the States and industry in further exploring these options to ensure that all potential projects have been considered.

Recovery estimations should be provided in a transparent manner to ensure that all potential options are able to be explored.

2. The potential role that new environmental works and measures projects could play in partially offsetting Sustainable Diversion Limits (SDL) reductions under the Basin Plan, focussing particularly on prospective project proposals identified by State Governments and community interests.

The NSW Government strongly supports the identification of environmental works and measures projects as part of a diversified water recovery strategy.

Under the NSW Murray-Darling Basin Environmental Works and Measures Feasibility Project funded by the Australian Government, NSW is assessing the feasibility of a range of possible projects and is compiling a list of community suggestions for projects that could potentially contribute to offsetting the Basin Plan's required SDL reductions in NSW catchments across the Basin:

- Part A: \$2 million to conduct feasibility assessments on eight State identified proposals
- Part B: \$1.2 million to assist the community to identify viable local measures.

It is not clear at this stage of the investigations how much water may be recovered through these projects.

Part A - NSW State projects

There are eight State identified proposals currently being investigated:

Euston Lake restoration and improved water efficiency

Investigation of the management of Euston Lakes to assess water efficiencies and environmental benefits through a more natural wetting and drying regime. Euston Lakes are located on the northern side of the Murray River, approximately 80 kilometres south-east of Mildura near the town of Euston.

Upper Murrumbidgee environmental flow enhancement

Investigation of the feasibility of raising the operational flow limit at Gundagai to allow improved environmental outcomes for mid-river wetlands (Wagga Wagga to Hay NSW). The investigation will include the potential environmental water efficiencies and the need for complementary actions, such as the purchase of easements.

Nimmie-Caira system enhanced environmental water delivery

Investigation of the potential to enhance environmental water delivery to key ecological assets in the Lower Murrumbidgee floodplain and potentially downstream in the Murray Valley. The investigations will consider the potential to reduce environmental water requirements through improved land use and the reconfiguration of existing or enhanced infrastructure to better deliver environmental water.

Piping irrigation demands

Pre-feasibility investigations of the potential for water efficiency gains from developing pipelines to supply irrigation users in close vicinity to NSW State Water dams. The investigation will include consideration of the potential to deliver better and more water efficient environmental outcomes from returning to more variable flow patterns in rivers and streams.

Burrendong Dam environmental flow enhancement

Pre-feasibility study to investigate the potential benefit from enhancing the outlet capacity at Burrendong dam, south-east of Wellington NSW. This may enable the release of higher pulse flows which could lead to environmental benefits, such as native fish spawning and recruitment, and potentially the more efficient delivery of environmental water, including to the Macquarie Marshes.

Southern Macquarie Marshes environmental flow enhancement

Assessment of options for more efficient inundation of the Southern Macquarie Marshes (approximately 50 kilometres north of Warren NSW). The feasibility assessment will include options for restoring more stable floodplains, streambeds and wetlands.

More efficient delivery of high priority stock and domestic supplies

Pre-feasibility assessments to identify additional water efficiency gains by piping stock and domestic water supply schemes in high priority locations, including the Macquarie, Murray and Murrumbidgee river systems.

Modify weirs to enhance floodplain inundation

Strategic assessment of some existing weirs along the Murray River to determine the optimal weir pool height for facilitating more efficient delivery of environmental water on to the floodplain in a range of flow events.

Community projects

The NSW Office of Water is working with local Murray-Darling Basin communities to identify potential projects to improve delivery, water saving efficiency, or efficient environmental outcomes achieved by using less water. Submissions for environmental works and measures were invited until 18 May 2012.

In total about 40 submissions incorporating about 60 ideas have been received from a range of stakeholder groups and individual stakeholders.

The NSW Office of Water is in the process of reviewing all ideas to determine which proposals are suitable for inclusion in a shortlist for pre-feasibility assessment.

Menindee Lakes Management

Numerous investigations have been undertaken over the past 20 years to identify potential changes to the operations and management of the Menindee Lakes.

More recently, the NSW Government withdrew from investigations of one option proposed by the Commonwealth under a Memorandum of Understanding because the work demonstrated that the option did not meet NSW requirements.

An information paper prepared by the NSW Office of Water provided some detail of the investigations. The NSW Government is working with the Commonwealth Government to identify an agreed option that would improve water management and generate water savings while maintaining the critical values and services that are currently provided by the Lakes.

3. The groundwater SDLs for the Basin in the revised proposed Basin Plan

The revised proposed Basin Plan provided to Ministerial Council for comment on 28 March 2012 has significantly reduced some of the groundwater sustainable diversion limits (SDLs) for NSW from the consultation draft Plan published on 28 November 2011.

In the case of NSW, the groundwater SDLs have been reduced without any proper supporting science, against the expert advice of NSW hydrogeologists. The NSW submission on the proposed Basin Plan provided evidence to support the groundwater SDLs as follows:

“Additional growth in use allowed in groundwater systems from the Guide has attracted some public perceptions that this will impact on water available in linked surface water systems. In NSW the increased groundwater SDLs applied only to these predominantly brackish to saline groundwater systems that are not closely connected to surface water resources. Variation between the groundwater SDLs in the Guide and those in the draft Plan can be categorised as follows.

- **Groundwater Management Units (GMUs) that have already had entitlements reduced under the Achieving Sustainable Groundwater Entitlements (ASGE) program.**

The extraction limits agreed to by the Commonwealth under the NSW water sharing plans and the ASGE program have been recognised by the Murray-Darling Basin Authority [MDBA] (i.e. a combined increase of 149 GL from the Guide SDLs to the draft Plan SDLs across 7 SDL areas).

- **GMUs that form part of large regional fold belts.**

The Guide initially set the SDL at 60 per cent of entitlements even though the MDBA's recharge assessment method indicated that significantly higher volumes could be extracted sustainably. The draft plan has revised these limits to include all entitlement and estimated stock and domestic requirements and 50 per cent of the unassigned water under the MDBA's sustainability assessment. This is a combined increase of 546 GL across 10 SDL units. Published work referenced in the Guide to the proposed Basin Plan and rules in the NSW water sharing plans indicate that the additional pumping will have minimal impact on stream flow and duration.

- **GMUs that are part of large sedimentary basins.**

The Guide did not include the buried water sources of the Gunnedah-Oxley Basin (i.e.>200m) and the Oaklands Basin. Incorporating these 2 SDL units into the draft plan increases groundwater SDLs by 302 GL. An increase of 155 GL for the Western Porous Rock SDL unit reflects the recognition of unassigned water in this SDL unit and the saline nature of the groundwater."¹

The expert workshop held by the MDBA to examine the groundwater SDLs did not include any State Government experts. Rather it comprised Commonwealth Government officials, academics and consultants without practical understanding and without access to the significant, unbiased science held by experts within the NSW Office of Water.

The NSW position is that the Basin Plan should be based on best available science and that provisions have been developed for groundwater SDLs that offer environmental protection and are included in the NSW water sharing plans.

Further detail of the science and methodology used by NSW in the determination of already conservative SDLs for groundwater will be provided to Minister Burke and the MDBA.

¹ NSW Government submission on the Proposed Murray Darling Basin Plan, 13 April 2012 p13.