



Senator Glenn Sterle
Chair
Senate Rural and Regional Affairs and Transport
References Committee
Parliament House, Canberra

3 August 2021

Dear Senator Sterle,

RE: Submission to the Senate Rural and Regional Affairs and Transport References Committee Inquiry into the Water Legislation Amendment (Inspector-General of Water Compliance and Other Measures) Act 2021

The Victorian Farmers Federation (VFF) welcomes the opportunity to provide input into the Senate Rural and Regional Affairs and Transport References Committee Inquiry into the Water Legislation Amendment (Inspector-General of Water Compliance and Other Measures) Act 2021.

The VFF Water Council is the chief representative group for Victorian irrigation farmers and their communities. Our main objective is to protect the interests of irrigation communities in Victoria in achieving efficient, equitable and profitable water use. The Water Council provides an objective analysis of water issues and policies, as well as formulating strategic policies and decisions at both the State and Federal levels.

In putting forward this submission, the VFF note the successful passage of the relevant legislation through the Parliament and welcomes the Inspector-General's new role in enforcing water compliance throughout the Murray Darling Basin. However, at this stage, it is too early to provide a view on the substantive issues concerning the effectiveness of the Inspector-General's office.

Nevertheless, the VFF recognises that this inquiry provides an opportunity to speak to related matters concerning the legislation. We therefore welcome this opportunity to provide our insight into the issues that formed the impetus for the amendments proposed by the Nationals as the legislation passed through Parliament.

The VFF supports the amendments that were put forward by the Nationals and we encourage the Federal Government and all other Members of Parliament to listen to farming communities that are hurting due to the effects of the Murray Darling Basin Plan and the Water Act.

General impacts of the Murray Darling Basin Plan

While we all want a healthy environment, the legislated objectives in the Basin Plan and the Water Act require that reforms optimise economic, social and environmental outcomes. The VFF is concerned that the Commonwealth and the Murray-Darling Basin Authority have focussed on environmental outcomes to the detriment of Victoria's agricultural economy and our farming communities. These social and economic impacts caused by the Basin Plan continue to be ignored.

The VFF has consistently called for the Basin Plan to be amended and for the MDBA to be reformed. The Basin Plan was sold to farming communities as being an adaptive plan that would integrate new knowledge and science back into itself as its implementation progressed. On that basis, farming communities reluctantly bought into the Plan and have done all the heavy lifting in helping to fulfil its objectives. Twelve years on however, this seems to have been forgotten by those responsible for implementing the plan.

There's a lack of preparedness to acknowledge problems and to amend that plan. It seems that decision makers, both legislators and regulators, aren't able to respond to the learnings that should drive change in the manner that the plan imagined and promised. We've had countless reports with important learnings that have failed to be acted upon.

Physical impacts of the Murray Darling Basin Plan

It is clear that the Basin Plan has successfully delivered substantial positive benefits to the condition of the Basin's natural environment. A major finding of the MDBA's 2020 Assessment of the Basin Plan highlighted that it had enabled delivery of water to support the Coorong, Lower Lakes and Murray Mouth ecosystems through the most recent drought, avoiding a repeat of the environmental damage that occurred during the Millennium Drought. The need to preserve these particular ecological systems provided the primary impetus behind the Basin Plan's formulation, and the MDBA's analysis therefore shows that the Basin Plan has successfully met its primary objective of protecting these environmental assets when put to its most recent test.

Elsewhere the MDBA's Assessment found that positive ecological responses have resulted from water for the environment and that the Basin Plan has protected some rivers from the worst impacts of the recent unprecedented drought.

However, achieving these many positive environmental outcomes, largely downstream, has unfortunately lead to perverse outcomes upstream. In the Victorian context, severe damage is being caused to the Lower Goulburn River in order to fulfil downstream environmental and consumptive demands. Similarly, well-publicised concerns also exist on the Murray River at the Barmah Choke and in the Gunbower and Koondrook Forests.

The VFF strongly supports amending the Basin Plan so that it is adaptive to these concerns by better supporting the use of complimentary measures, rather than just requiring increased flow rates down river systems. Such measures include non-flow natural resource management activities such as installation of fishways, investments to address cold-water pollution, riparian management activities and habitat restoration.

Impact of recovering the 450GL

By better understanding their physical impacts, we see that the obsession with recovering water to meet flow objectives (without stepping back and understanding the impact of actually using that water) is having a negative impact on the Basin's environment and its communities.

That is why the VFF is strongly opposed to the recovery of the 450GL, because it has been proven that this water cannot be physically delivered without causing environmental harm, alongside the economic and social harm associated with its recovery. Recovering this water would require over 3,000 landholders agreeing for their land to be flooded. This goal cannot be achieved and communities have been clear in their unwillingness to participate without government adopting liability for damage caused by flooding.

Apart from our concerns with the physical inability to deliver the 450GL, the VFF is also concerned with the impact that its recovery will have on farm businesses and the communities that rely on them. As with the majority of water recovery under the Basin Plan so far, recovery of the 450GL would disproportionately affect Victoria resulting in less water to operate irrigation districts, particularly in periods of drought. That would result in placing severe stress on both the dairy and horticulture industries in particular, with horticulture struggling to sustain permanent plantings. On this basis alone, the 450GL would fail the socio economic test that is required to be met under legislation for its recovery. However, despite numerous reports proving the 450GL cannot be successfully delivered, it remains as an objective of the Plan, and therefore remains an ongoing threat to confidence in Victoria's agricultural industry.

Impact of water buybacks

The threat of further water recovery through buybacks is of great concern to the VFF. Victorian communities are highly sensitive to the issue of water buybacks, because it is those communities that have been disproportionately impacted by the policy.

Given Northern Victoria has one of the most secure water products available in the Basin (High Reliability Water Shares), it has been seen as very attractive to the Commonwealth government for water buybacks. Consequently, approximately 520 GL, or 22 per cent of Victoria's high-reliability water products have been purchased by the Commonwealth for the environment. This is in stark contrast to four per cent of high-reliability water products purchased in New South Wales.

The VFF strongly believes that no further water recovery under the Basin Plan should come from buybacks. Whilst we welcome the Federal Coalition Government's commitment that it will not pursue a policy of buybacks, Victorian farmers are given no certainty this will be the case, unless this commitment is enshrined in legislation.

The VFF's 2018 analysis of the MDBA's community profiles demonstrates there has been a considerable reduction in the agricultural workforce since 2001 in the southern Murray-Darling Basin with the most substantial losses being in Victoria. A total of 5116 full time jobs were lost in Victoria compared to 2877 in New South Wales and 2287 in South Australia. It has been estimated that as a direct consequence of water buybacks under the Murray Darling Basin Plan, 789 jobs losses came from the irrigation and food manufacturing sectors in Northern Victoria, whilst 194 of the same sectors' jobs were lost in Southern NSW. Further buyback of water will

result in further job losses, disproportionately affecting rural communities that have endured the cumulative impact of drought and failed water policy.

Conclusion

The Murray Darling Basin Plan has successfully delivered many positive environmental outcomes and it will continue to do so. However, with our growing understanding of the science behind the environmental effects of higher river flows, now is the time to rebalance the Plan so that it takes into account both its positive and negative impacts on the environment, and the negative impacts faced by farming communities.

Victoria has borne the full brunt of costs to irrigators caused by stranded assets, the costs of increased water prices, and the costs to irrigation communities of the job losses that result from lost irrigation production and associated processing and support industries. The continued pursuit of recovering water through the 450GL additional target and through buybacks will only further exacerbate these meaningful concerns. The VFF urges the Inquiry to consider these impacts in reflecting on the need for amendments to the Basin Plan and the Water Act.

The VFF is happy to provide further input to assist the Committee with its deliberations.

Yours sincerely,

Andrew Leahy
Chair
VFF Water Council