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Strategic water licence purchase

The present constraints on the purchase of water licences by the Commonwealth, which are imposed by the States, are counter-productive for both the licence owners and the Commonwealth environmental water purchase. The constraints currently imposed by the Commonwealth are also delaying water purchase.

The 4% per year limit on transfer out of irrigation districts in Victoria prevents economically un-viable locations moving out of irrigation into more effective forms of agriculture. The individuals wishing to move out are substantially prevented from doing so, and the consequence is steady attrition rather than strategic water transfer. Studies in recent years have shown that some current irrigation locations are unsustainable in the long term, and it is in the interests of the individuals holding water licences in those areas to sell them to the Commonwealth. It is in the Commonwealth's interest to purchase these licences for environmental water, rather than see them move piecemeal through private purchase to locations in other valleys or downstream for use in further irrigation. The ideal is substantial Commonwealth block purchase of licences in non-viable areas, thereby allowing the channel systems to be shut down, saving water losses from distribution channels as well as obtaining environmental water. This will require flexibility in Commonwealth purchases, which have been criticised recently for not meeting prior agreements to purchase water from groups of sellers.

There are strategic implications for environmental water purchase. To supply water for the environment during drought conditions, the purchased licences need a high security component. This has State-to-State variations, due to the different approaches legislated by the States. Currently a NSW general security licence has no or minimal actual water allocation for the current year, and hence is a licence for 'air'. Given the return of 100-year average rainfall, these licences will provide useful environmental water. However given on-going drought, they do not provide emergency allocations to critical wetlands. For effective environmental water supply a mix of licence types appears optimal, high security for emergency use, low security for use in flood years to top up natural floods, and cash purchase of stored water for particular circumstances. An example of this is the purchase of water for the Narran Lakes in NSW, from a Queensland cotton irrigator, to top up a natural flood and maintain water levels in the Lake for ibis breeding. This was highly successful, despite the natural mortality, as the adult birds were near the end of their breeding life and the whole population may have failed without a breeding opportunity.

The current State water plans do not provide the speed of response that is necessary for concerted action in the face of continuing drought. This particularly applies to Victoria, though NSW water plans are only expiring in 2014. The competing demands for urban water, irrigation water and environmental water will require Commonwealth

action in advance of State water plans being due for renewal.

A different scenario exists in the Central and Northern Basin, on un-regulated rivers, and where water licence holders have permission to harvest off-allocation flows. In these cases a river height triggers off-allocation pumping or overland harvesting of water, which may be in considerable excess of the water licence held. Examples of irrigation farmers having water storage capacities more than double their licences exist. The impact of these practices is that moderate floods no longer move down to water floodplains or wetlands, instead being held in off-river storages on irrigation properties. Serious consideration needs to be given to off-allocation harvesting, as well as harvesting within licences.

While Cubbie Station has focussed attention on water storage in Southern Queensland, it needs to be realised that probably more than double Cubbie's capacity of 525GL is held in total by other irrigators on the Condamine system. This means that the floods that formerly moved down onto NSW floodplain grazier's lands are now substantially held in irrigation storage in Queensland. The wetland systems downstream of the Condamine-Balonne are also deprived of water, as is the small flow that enters the Darling system from South Queensland in a flood.

Thus consideration of water licences needs to include restrictions to water sale through State rules, strategic purchase strategies by the Commonwealth for the environment, off-licence water harvesting by irrigators and a clear focus on actual water acquisition, as against 'air'.

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