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30 July 2015

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### **Submission to the Inquiry into the Water Amendment Bill 2015**

Gippsland Environment Group welcomes the opportunity to comment on the Water Amendment Bill 2015 that proposes to limit (cap) Commonwealth purchases of surface water in the Murray-Darling Basin (MDB) at 1500GL and to provide increased flexibility in the recovery of 450 GL through efficiency measures funded under the Water for Environment Special Account.

1. We hold serious concerns that the proposed 1500GL cap will undermine the Commonwealth's capacity to meet its obligation to implement sustainable diversion limits (SDLs) according to the Murray-Darling Basin Plan. Water purchases from willing sellers have been identified as the most cost effective means of environmental water recovery by the Productivity Commission in 2010. To impose a limit on Commonwealth water buybacks for the environment will seriously reduce the Government's flexibility to source environmental water in order to deliver the required SDLs.

To completely rely on water infrastructure projects in the MDB to obtain the environmental water required, over and above the proposed 1500GL limit on buybacks, risks locking the MDB into an unsustainable future. Increased demand for infrastructure upgrades or efficiency measures driven by the proposed cap on buybacks will potentially make the cost of works too expensive and/or deliver far less water than anticipated such that it will be impossible for the Commonwealth to obtain the additional water to achieve the SDLs.

We are deeply concerned that the Bill proposes to enact a cap within the Water Act that will take legal precedence over the SDLs identified in the Basin Plan. As a consequence the Bill may in practice actually *reduce* the SDLs. The Commonwealth must clarify how it intends to meet its obligation to deliver the SDL's if it is unable to deliver them because of the proposed cap on buybacks. In its current form therefore the Bill should not be supported.

2. Also at issue is the lack of clarity as to the total volume of surface water recovered in the MDB by Commonwealth purchases to date and how it is defined. There is no definition of “long term annual average quantity of water that can be accessed” included in the Bill or the Water Act. The Department of the Environment’s website identifies a total of 1162 GL of long term average yield of surface water recovered as of 30<sup>th</sup> June 2015. However the Parliamentary Secretary to the Minister for the Environment Bob Baldwin MP in his speech to the House on 28<sup>th</sup> May 2015 on the second reading of the Water Amendment Bill stated that “over 1961GL GL in long-term average annual yield of surface water in the basin” had been acquired in the past 2 & 1/2 years since the Basin Plan came into effect. Does this figure include purchases and water savings from infrastructure upgrades etc or solely from water purchases?

How much surface water has been recovered by Commonwealth purchases to date and will any definitions included in the Bill alter this figure in any way? It is vital the community is provided with full and accurate information as to the total volume of water purchases and the methodology used to calculate long term annual average yield before the Bill proceeds.

In relation to the matter of total surface water acquired for the environment we wish to draw attention to outstanding issue of River Murray Increased Flows (RMIF). Under the SWIOID agreement in 2002 the Commonwealth contributed \$75 million to Water for Rivers to obtain water savings of 70GL/yr for the River Murray. Under the agreement the Murray is apportioned the full 70 GL entitlement every year (this has occurred since 2011 when Water for Rivers first acquired sufficient water savings), unlike the Snowy which only receives an annual allocation on entitlements dependent on water availability. The annual 70 GL RMIF allocation has never been released on an annual basis despite being included in the baseline calculations of MDB available environmental water. RMIF is held as Above Target Water in Snowy Hydro storages (from which it profits) and there has only ever been one release of any environmental water owed the Murray in the 13 years since the agreement was signed. In 2005/6 the Murray received 38 GL in 2005/06 in a deal between NSW and Victoria in exchange for NSW irrigators being granted forward borrowings from Snowy Hydro Ltd. The NSW Office of Water’s Simon Williams recently stated<sup>1</sup> that the Basin Officials Committee have agreed to allow the Southern Connected Basin Environmental Water Committee to “nominally utilise 20GL of RMIF in the current water year ...subject to some administrative licencing issues being addressed”. This is completely inadequate. Why has it taken more than ten years and Basin Officials have still not sorted out the arrangements to deliver the 70GL annual RMIF? The total RMIF owed the Murray as of 1 May 2015 is now 440 GL. The Commonwealth as signatory to the SWIOID is obliged to ensure that the RMIF is delivered annually as per the intergovernmental Snowy agreements. If the water is not being released into the river it should not be accounted for as environmental releases. If the annual 70 GL RMIF is included in baseline data as annual environmental water in the MDB yet it is not released annually what other water savings are also included as nominal rather than actual releases in the Commonwealth’s calculations? We would require much greater transparency and accountability before we can support the Water Amendment Bill 2005.

3. Gippsland Environment Group is also concerned about the impact of the Bill on the Commonwealth Government’s commitment, under the Snowy Water Inquiry Implementation Deed (SWIOID) intergovernmental agreement signed in 2002, to deliver 28% annual natural flow (ANF) to the Snowy River below Jindabyne Dam. The SWIOID provided funding to Water for Rivers to obtain water savings in the MDB (mainly through infrastructure projects) to off-set increased flows of 21% by 2012. The parties (NSW, Vic and the Commonwealth)

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<sup>1</sup> Email 28 July 2015.

to the SWIOID also committed to fund additional water savings to deliver an additional 7% to increase Snowy flows to the scientifically identified minimum environmental flow of 28% ANF<sup>2</sup> post- 2012. To date this commitment has still not been honoured. Increased competition for water infrastructure projects in the MDB, driven by the implementation of a cap on Commonwealth buybacks, to meet the Basin Plan SDLs, will potentially prevent additional water savings being sourced in the MDB for the Snowy River in the future. Water for Rivers encountered this exact same situation previously in sourcing water infrastructure projects; basically they had insufficient funds to deliver the target water savings for the Snowy River due to rising costs and limited availability of projects. In 2007 the Commonwealth Government contributed an additional \$50million to address the problem. Nevertheless the annual allocation this water year (2015-16) to the Snowy River below Jindabyne Dam is equivalent to less than 13% ANF (approximately half the required minimum environmental of 28%) because almost half the water savings entitlements acquired by Water for Rivers are general security or low reliability, entitlements on paper but often of little benefit for the Snowy. It is also not clear whether the Bill may also preclude some potential Commonwealth funded water purchases for the Snowy River.

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<sup>2</sup>The Snowy River Expert Panel report in 1996 recommended a minimum environmental flow of 28% ANF below Jindabyne dam. This figure has never been reviewed or intensively assessed. The Snowy Scheme was not included in the Basin Plan despite the Snowy River alone contributing more than 1000GL/yr to the MDB and no SDL's for the Snowy River and its many tributaries. The Snowy Water Licence took legal precedence over the SDLs identified in the Basin Plan for the westerly flowing rivers in the scheme.