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10 JAN 2011

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21 December 2010

The Honourable Mr Tony Windsor, MP
Parliament House
CANBERRA ACT 2600

Submission No:	524.....
Date Received:	10/1/11.....
Secretary:	Sc.....

Dear Sir,

Re: Parliamentary Committee of Enquiry into Murray-Darling Basin

I am a NSW irrigator, growing citrus and avocados on the Darling River 30km's north of Wentworth, but being within the Murray River pool created by the weir at Wentworth, and thus deemed to be a Murray irrigator.

I welcome the opportunity to make a submission to your Committee, and hope that your report in due course will redress or allay at least some of the angst and mayhem created by the flawed and "misguided" ostensible Guide of the MDBA.

1. There is no doubt that Governments of all persuasions in the Murray-Darling States have over-allocated their water resources, derived primarily from the Murray and Darling Rivers and their catchments.
2. Whatever interpretation of the Water Act is accepted, as to the priority to be given by the Murray-Darling Basin Plan ("the Plan") to the environment, or the extent to which social and economic impacts are to be brought into account, the over-allocation has to be addressed, and the reasonable needs (not merely the minimum requirement) of the environment must be met as a priority, for without a healthy environment, to the extent that it depends on river flows or retentions, there will not be sustainable communities and economic development in the Basin.
3. Irrigators should not be made to bear the brunt of the folly of over-allocation by all Governments. Redressing such over-allocation should be a whole-of-government responsibility, whether Commonwealth and / or State.

Whilst momentum for necessary reform should not be stalled because of welcome substantial wide-spread rainfall recently, such rainfall and consequent replenishment of most of the catchments means that your Committee and the MDBA should hasten slowly and “get it right”, as the breaking of the drought has removed the critical urgency which might otherwise have continued to obtain.

4. In recognition of the importance of irrigated agriculture and horticulture in the Murray-Darling Basin Food Bowl, economically and socially, purchase or any other form of clawing back of water licences should be the last resort.
5. There should be a proper and critically-tested scientific and economic analysis of all alternatives to irrigation licence purchases or claw backs.

The science ostensibly underpinning many of the assertions or assumptions in the Guide have been acknowledged by the MDBA Chair as flawed or incomplete or untested, that leading to at least some of the trenchant and justifiable criticisms of the Guide.

In addition to proper scientific analysis of the reasonable needs of the environment in the Basin, there needs to be proper detailed research and analysis of all reasonable alternatives to achieve more effective use of water resources in south-eastern Australia, including much more serious and concerted efforts to capture and reuse storm water, especially in Melbourne, and to use recycled water.

Kenneth Davidson of “The Age” has for years advocated piping water from Tasmania, and I have enclosed an extract from “The Age” dated 13 December 2010 featuring the latest of Kenneth Davidson’s articles on the subject.

The Victorian Government has steadfastly ignored the Tasmanian proposal, or at least has not been at all transparent as to reasons why that option should not be explored.

6. Irrigation licence entitlements should be standardised across the whole Basin, especially as water is traded between States’ licence holders.

I would respectfully suggest that the NSW system should be the preferred model, where high security licences have traditionally been granted for, and used for, permanent plantings, the irrigators holding low security licences generally being engaged in production of non-permanent crops such as pasture, cotton, rice and vegetables, and with priority given to high security in that little or no allocation is made to low security licence holders until the allocation in any year to high security holders is 97%.

The virtue of such NSW system (with high security comprising only about 20% of the total volume of irrigation allocation) has been highlighted by the serious shortcomings in the Victorian system of licence holding, where about 80% of

licences are deemed to be high security, but in reality the irrigators of permanent plantings have no greater rights or access to water than growers of pasture or annual crops, and led in recent times to desperate horticulturists paying up to \$1,100.00 per megalitre for temporary water to keep their permanent plantings alive, with the dairy farmers and other “grass growers” in the Goulburn Valley or Kerang areas becoming water barons and selling their water to the horticulturists, and using a fraction of their windfall gains to buy feed from other areas such as Gippsland or the Western District.

Messieurs Brumby and Holding expressed the simplistic and flawed view that “water would find its own level” in terms of monetary value.

I do not doubt that it would be a huge challenge to standardise irrigation entitlements but it is worthy of serious effort to achieve this.

7. An ill-informed Water Minister Wong briefed by equally ill-informed bureaucrats squandered about \$30 million about a year ago in purchasing a low security licence from Tandou Limited, and a further very substantial sum purchasing a comparable low security licence from Twynham Pastoral Company.

The folly of the Commonwealth’s buyback of low security permanent water is explained in reasonable detail in the enclosed extract from “Sunraysia Daily” dated 17 December 2010 being an article by Sunraysia Water Exchange on the subject “Rethink required for NSW Buyback”

8. I respectfully agree with your tentative suggestion in your ABC Regional Radio interview with Louise Ray on 13 December that perhaps the Basin should be approached as a series of sections, rather than as a single unit, and that a cost-benefit analysis or a SWOT analysis be undertaken in respect of separate regions.

For example, in the Sunraysia region where high-value crops are generally grown or able to be grown, the water authorities each side of the Murray River and their constituent irrigators, considered that the substantial expense of pipelining channels was justified, giving long-term benefits of water savings, and in terms of water delivery to horticulturists, many of whom have spent substantial capital to upgrade their irrigation systems to more efficient systems using less water for their crops.

On the other hand, in the Goulburn Murray region, the Victorian Government has embarked upon a less efficient, less costly, and more short-term solution of using swimming pool liners in channels.

Some water saving is alleged to be made, as justification by Brumby and Holding for the obscenity of installing the north-south pipeline for the benefit of Melbourne at the expense of the already environmentally-stressed Goulburn Murray region.

The irrigation in that region is primarily for dairying and pasture, as I understand it, and perhaps the financial return to irrigators per megalitre did not justify or require a more effective, long-term water savings strategy such as pipelines instead of swimming pool liners.

To the extent that, in the longer term, water should find its own level, I would suggest that the Committee would be justified in looking at the Basin as a series of separate regions with separate needs and costs, to the extent that further infrastructure works should be one of the major areas of interest and concern to the Committee, before looking at the need for purchase or other form of claw back of existing licences.

I hope these observations and submissions are of some assistance to the Committee.

Yours faithfully

KEITH E. RICHARDS OAM

Enc.



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THE AGE

13/12/10

COMMENT & DEBATE

MONDAY, DECEMBER 13, 2010 **THE AGE 13**

Water from Tasmanian hydro scheme could save the Murray

BOTH the Murray-Darling Basin Authority and the federal government have the wrong end of the stick in their clash over whether the environment should take precedence over the irrigation communities along the Murray River.



KENNETH DAVIDSON

The Murray-Darling plan cannot work, so it's time to look at alternatives.

Leave aside the obvious fact that without a healthy river there can be no viable economy which is dependent on the river, the outgoing chairman of the authority, Mike Taylor, had no option under the law but to give the environment priority based on advice from the Commonwealth Solicitor-General.

Prime Minister Julia Gillard was in effect demanding that the authority should do something contrary to the Water Act and therefore act illegally. Taylor had no option except to

resign. He announced last week that he had decided to leave his post at the end of January.

The authority's report to the government two months ago on the river's health, however, was useless because it didn't start from the beginning: all

flows that die, do so from the mouth up. Any solution to the Murray's long-term viability must start by speeding the flow rate at the mouth of the river.

All the experts agree that the Murray needs 300-400 billion litres of water to flow through the lakes at the mouth of the river and out to sea. This determines how much water is required for environmental flows up the river.

Instead of doing this, the authority came up with a recommendation that 30 per cent of the water licences be of water licences would cost \$7 billion to \$9 billion based on previous purchases.

No government would pay this amount. Worse, in times of drought as we have experi-

enced over the past 13 years this would not produce a litre of water for the river. It is apparently not understood by anybody except the farmers that a licence does not guarantee an allocation of water for irrigation.

During the worst period of the long drought, allocations were often close to zero. Farms went broke, and families were broken. The survivors know that the licences of those forced off the land have mainly ended up in the hands of the banks and superannuation funds who will await the government's best offer during the next drought.

It is no wonder that irrigators were incandescent with rage at the various meetings set up by the basin authority in irrigation towns along the Murray or that no responsible government ministers went to these meetings.

The central recommendation was mad. Why should the government buy back any licences when it has control over the allocations? The Wentworth group of environmental scientists and economic ration-

ally, even during a huge flood that is filling all the dams. Water prices have to rise in order to pay the capital cost of desalination plants up and down the east coast of Australia which are likely to be mothballed because they are too expensive to run.

The Victorian plant at Wonthaggi is the worst and most costly example because it is the biggest.

The new Baillieu government promised to release this gigantic white elephant. It is now the third week and no release.

What the river needs is real water on a constant basis that flows through to the mouth. This can only be achieved by closing down one major irrigation area centred on Mildura/Keanmark, Griffith, Leeton or

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What the river needs is real water on a constant basis that flows through to the mouth. This can only be achieved by closing down one major irrigation area centred on Mildura/Keanmark, Griffith, Leeton or

Shepparton. Take your pick. It is clear that no government can do that and remain in office.

The current plan cannot work. The only alternative is to get a guaranteed 300-400 billion litres a year from outside the basin, because even though all the dams on the Murray are full and spilling, there are no possible large new dam sites capable of storing 3000 billion litres needed to keep the river running during a long drought.

Manufactured water or water from the tropics cannot supply environmental water because the delivery price is too high.

The only existing dams high enough to supply environmental flows of up to 400 billion litres a year, high enough to supply water to the Murray-Goulburn system

without pumping, are the Thomson and Upper Yarra dams, which supply 90 per cent of Melbourne's water.

This water for Melbourne can be replaced by water, fed from north-west Tasmania after it has been used to generate electricity by Hydro Tasmania.

Recent developments in technology now mean it is more expensive to operate the desalination plant than pipe twice the guaranteed volume of water from Tasmania.

The new piping technology can be fully financed by private investment. It can generate additional income for Tasmania by selling water that now runs into Bass Strait, and save the Murray-Darling Basin.

Kenneth Davidson is a senior columnist. Email: kda@sdadessent.com.au

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The net will win against deception

Governments had better get used to Wikileaks and realise that feeding the public misleading drivel has become much harder.

NATIONS need secrets. They are fundamental to the preservation of national security. Democracy



Human rights must not be party political

EMILY HOWIE and PHIL LYNCH

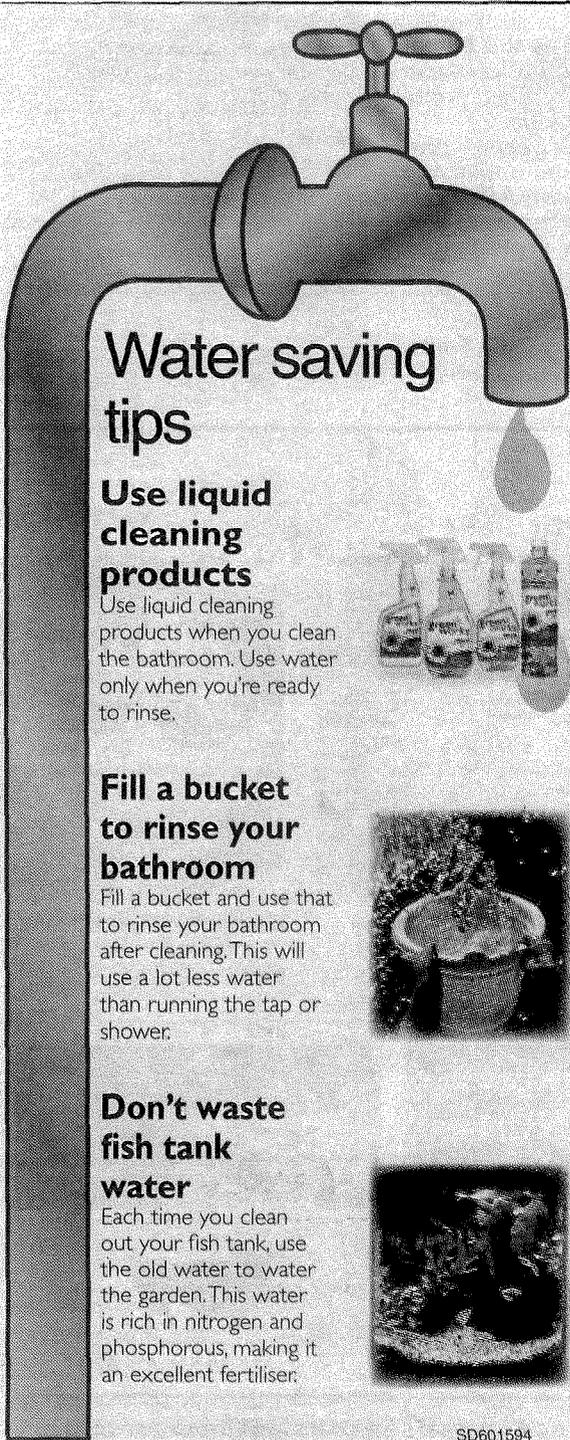
The new government is in danger of taking a regressive step.

OUR years ago Victoria led the way when it became the first Australian state to pass a Charter of Human Rights. The charter was much more than a dry legal document or a statement of principles. It hit the statute books after significant public consultation. The

his hearing for over a year. In another case, a man and his three-year-old son who wanted to remain in their public housing following the death of the man's mother, who was the tenant, relied on the "right to family and home" to avoid being evicted into homelessness.

There are two essential elements that give the charter teeth: first, governments' duties to consider and comply with human rights; and, second, the ability to enforce rights in the courts. Both aspects are crucial to ensuring remedies for violations and the inspiration for cultural change.

The attorney-general's com-



Water saving tips

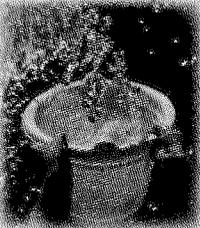
Use liquid cleaning products

Use liquid cleaning products when you clean the bathroom. Use water only when you're ready to rinse.



Fill a bucket to rinse your bathroom

Fill a bucket and use that to rinse your bathroom after cleaning. This will use a lot less water than running the tap or shower.



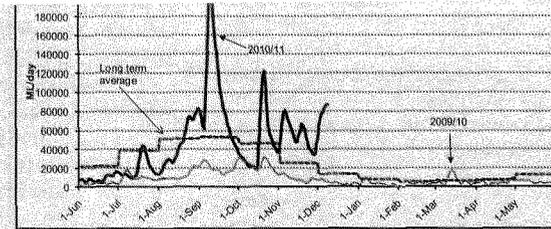
Don't waste fish tank water

Each time you clean out your fish tank, use the old water to water the garden. This water is rich in nitrogen and phosphorous, making it an excellent fertiliser.



SD601594

Yarrawonga	124.90	-0.19	—
No. 26 Torrumbarry	86.05	-0.05	—
No. 15 Euston	47.60	-0.09	—
No. 11 Mildura	34.40	+0.05	+2.57
No. 10 Wentworth	30.80	+0.15	+3.45
No. 9 Kulnine	27.40	+0.34	+3.04
No. 8 Wangumma	24.60	+1.46	+3.78



Re think required for NSW Buyback

SWEX
sunraysia water exchange

Water is what we do!

The Commonwealth's buyback of permanent water over the past few years has been an issue of great discussion and debate.

As part of the package announced by the Howard Government \$3.1Billion is currently being spent over 10 years to buy back licences from willing sellers in the market.

The recently released Guide to the draft Basin Plan has indicated that between 3000GL to 4000GL needs to be recovered to ensure a sustainable and healthy river environment.

It is important to note however that this amount to be recovered is "real water" – not the face value of a permanent entitlement. In other words 3000GL to 4000GL of actual allocation is required each year regardless of how many ML of permanent entitlements the Commonwealth owns.

As we all know the allocation received from a permanent entitlement can be less than 100% in any given year.

In NSW there are two distinct licence types:

- NSW High Security – which gets first priority for any available water up to 97% allocation
- NSW General Security – which then gets allocated any additional available water after High Security has received its full allocation.

This two tiered system of distributing the available water has resulted in a different reliability of allocation between the two licence types.

This reliability of allocation is measured by what is called the Long Term Cap Equivalent (LTCE). In other words the LTCE is the average yield in allocation from a particular licence type based on modeling for the period between 1891 to 2003.

The LTCE of NSW Murray General Security has been calculated at 80% whilst High Security is calculated at 95%.

The LTCE has been used by the Commonwealth to guide its purchases to date in NSW. The logic they are using is that if the LTCE of Murray General Security is 80% and we can purchase it for \$800/ML it is better value for money than purchasing High security for say \$2300/ML.

Therefore to date the Commonwealth has purchased 278,598ML of General Security and only 367ML of High Security for the environment.

I believe this logic is flawed for a number of reasons:

1) A major reason for the buyback in the first place is that the Governments believe the climate has changed in recent years and there will be lower water availability of water into the future. This is validated by CSIRO studies which the Commonwealth often refers to. This will impact on General security allocations the most and render its LTCE somewhat obsolete. Any analysis to suggest that Murray General Security is going to produce an 80% average allocation into the future is probably optimistic at best.

This is highlighted in the recent drought in which Murray General Security received 0%, 0% and 9% allocations from 2006 to 2009. Owning General Security entitlements during this time obviously produced very little environmental benefit and therefore would not have substantially contributed to the 3000GL to 4000GL recovery of "real water" required under the Basin Plan. It would seem that the LTCE that the Commonwealth is currently using

is not even taking into account the recent dry years from 2003.

2) Even in wet years (such as 2010) when General Security allocations have reached 100% it can be argued that the benefit of owning General Security entitlements for the environment is negligible as the environment has all the water it needs anyway. The opportunity cost of not owning these General Security entitlements in such years would be going to the market and buying the equivalent volume of allocation at the current prices of \$20 to \$30/ML which would be a far more costs effective option.

3) A premium should be paid for NSW High Security because of its high reliability of allocation. The risk of not receiving any substantial real water each year to assist the environment is vastly lower and there should be a value for this lower risk. In addition the allocation from NSW High Security is often received early in the water year which would have additional environmental benefits. To a large extent the market is doing this now with many interstate irrigators purchasing NSW High security which has resulted in a higher value than for SA or Vic High Reliability entitlements.

In summary if we are in fact moving into drier times than the past than NSW High Security will become increasingly differentiated from General Security.

However to date the Commonwealth has failed to recognise this logic in its purchases of almost exclusively General Security.

If the Commonwealth persist in using outdated assumptions to guide its purchases in NSW it may result in a huge waste of taxpayers money with very little real water to help the environment.

SUNRAYSIA DAILY 17/12/10