
The Parliament of the Commonwealth of Australia

Report into certain matters relating to the proposed Murray-Darling Basin Plan

House of Representatives
Standing Committee on Regional Australia

July 2012
Canberra

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ADDITIONAL COMMENTS

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Membership of the Committee

Chair Mr Tony Windsor MP

Deputy Chair Mr Steve Gibbons MP

Members Hon Joel Fitzgibbon MP
 Mr Barry Haase MP
 Ms Kirsten Livermore MP
 Mr Michael McCormack MP
 Mr Rob Mitchell MP
 Mr Dan Tehan MP

Supplementary Members for the purposes of the Inquiry

 Hon Dr Sharman Stone MP

Committee Secretariat

Secretary Glenn Worthington

Inquiry Secretary Siobhán Leyne

Administrative Officers Daniel Miletic

Katrina Gillogly



Terms of reference

On 29 May 2012 the Minister for Sustainability, Environment, Water, Population and Communities asked the Committee to inquiry into and report on:

1. progress to date in water recover 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; and
3. the groundwater sustainable diversion limits (SDLs) for Basin in the revised proposed basin Plan.



List of recommendations

1 Certain matters relating to the Murray Darling Basin Plan

Recommendation 1

The Committee recommends that the Commonwealth Government release a water recovery strategy well in advance of the introduction of the Basin Plan to the Parliament.

Recommendation 2

The Committee recommends that the Commonwealth Government release the proposal for Commonwealth Environmental Water Holder water trading well in advance to the introduction of the Basin Plan to the Parliament.

Recommendation 3

The Committee recommends that the Commonwealth Government develop a mechanism to adjust sustainable diversion limits automatically in response to efficiencies gained by environmental works and measures.

Recommendation 4

The Committee recommends that the Commonwealth Government, as a matter of urgency, look seriously at further initiatives to improve river and irrigation management and monitoring.

Certain matters relating to the Murray Darling Basin Plan

Introduction

- 1.1 The Committee has maintained an ongoing interest in matters relating to the development of the Murray Darling Basin Plan since it released its report into the Guide to the Basin Plan, *Of Drought and Flooding Rains* in June 2011.
- 1.2 In light of this ongoing interest, on 29 May 2012, the Minister for Sustainability, Environment, Water Population and Communities asked the Committee to inquire into and report on certain matters concerning the proposed Murray-Darling Basin Plan. The Committee adopted the terms of reference on 31 May 2012.
- 1.3 In recognition of the focussed nature of the inquiry, the Committee directly sought submissions from relevant stakeholders on terms of reference one and three. The Committee sought public comment on term of reference two.¹
- 1.4 The Committee received 40 submissions. A list of submissions is at Appendix A. All public submissions are on the Committee's website.²
- 1.5 The Committee held three public hearings in Canberra. Witnesses at public hearings are listed at Appendix B.

1 See p. vii.

2 <www.aph.gov.au/ra>

- 1.6 In light of the need to report in a timely manner to ensure that any recommendations are able to be considered alongside those due to be made by the Murray Darling Ministerial Council on 9 July 2012, this report contains a series of recommendations based on evidence received rather than a wide-ranging discussion of the issues.
- 1.7 It is undesirable to prolong uncertainty by unduly delaying laying the Plan before the Parliament, however there are a number of issues that need to be resolved prior to this step that will allay some of the current concerns and uncertainty.
- 1.8 The Committee acknowledges that there will continue to be a level of concern and uncertainty around water recovery mechanisms and as the knowledge around Basin management continues to improve, this will change the knowledge around sustainable diversion limits (SDLs). However, the Committee agrees with the sentiment put to it in this inquiry by an irrigator – we need to agree on a set of general principles with the understanding that our knowledge will continue to improve.³
- 1.9 Nonetheless, this report recommends a number of areas where the Committee believes that information needs to be provided before the Plan is put before the Parliament to give Members, Senators and the community a level of certainty regarding both the planning process and science necessary prior to the Plan’s finalisation.
- 1.10 All evidence to this inquiry and the Committee’s previous report, *Of Droughts and Flooding Rain*, containing a lengthy discussion on the issues confronting the Murray-Darling Basin, are available on the Committee’s website.

Progress to date in water recovery through both irrigation infrastructure investments and water purchase

- 1.11 There is wide support for appropriate and diverse water recovery through infrastructure projects, environmental works and measures and some strategic purchases. However, the Committee received evidence that the Commonwealth has provided a wide range of estimates of water recovered to date and anticipated recovery strategy.⁴ This range has failed

3 Mary Ewing, Lachlan Valley Water, *Proof Transcript of Evidence*, Canberra, 22 June 2012, p. 2.

4 See for example, *Submission 17, NSW Government*; *Submission 39, Queensland Government*; *Submission 16, SA Murray Irrigators*; *Submission 9, NSW Irrigators Council*.

to be explained and is adding to the ongoing concern and uncertainty in communities.

- 1.12 The Department of Sustainability, Environment, Population, Water and Communities (SEWPAC) told the Committee that at the end of May 2012, of the 2,750GL in the proposed Plan, 1,480GL is under contract, which includes State projects, environmental works and on-farm efficiency projects.
- 1.13 If 2, 750GL is assumed to be required, a remaining 1,270 GL is still necessary to be recovered to meet the proposed target. SEWPAC noted that ‘over the next few years the relative investment in infrastructure to water purchase is very much in favour of infrastructure.’⁵
- 1.14 A range of other projects have been submitted to this inquiry and to this Committee’s previous inquiry that have the potential to further reduce the requirement to purchase water entitlements. These projects must be fully investigated as a key priority and are set out at appendix D.
- 1.15 A number of submissions also noted that the Commonwealth has committed to providing a water recovery strategy to outline how water will be recovered through both entitlement purchase and infrastructure projects, but to date has not released this document.
- 1.16 The Committee considers that a water recovery strategy is an essential planning tool for all stakeholders and the fact that it has not been developed to date is of serious concern. The Committee considers that it should be released as a matter of priority and well in advance of the introduction of the Plan to the Parliament.

Recommendation 1

The Committee recommends that the Commonwealth Government release a water recovery strategy well in advance of the introduction of the Basin Plan to the Parliament.

5 Mary Harwood First Assistant Secretary, Water Efficiency Division, Water Group, Department of Sustainability, Environment, Water, Population and Communities (SEWPAC), *Proof transcript of evidence*, Canberra, 20 June 2012, p. 5.

Water trading

- 1.17 In its May 2011 report, the Committee recommended that the Commonwealth Environmental Water Holder (CEWH) be able to trade holdings into the productive market.
- 1.18 The Commonwealth Environmental Water Office told the Committee that it is in the process of developing a discussion paper about how the CEWH may be able to trade water and expects to release this in August 2012.
- 1.19 The Committee considers that it is essential for the CEWH to be able to trade environmental water when there is no need to water environmental assets and demand for water for productive use exists.
- 1.20 An understanding of how CEWH water trading will work is an essential part of considering the Plan and the Committee considers that it is essential that the Parliament has an understanding of this mechanism well in advance to the introduction of the Plan to the Parliament.

Recommendation 2

The Committee recommends that the Commonwealth Government release the proposal for Commonwealth Environmental Water Holder water trading well in advance to the introduction of the Basin Plan to the Parliament.

Role of environmental works and measures projects in offsetting SDL reductions

- 1.21 The role of works and measures, in reducing water necessary for both environmental and productive on- and off-farm uses is considered by this Committee as an essential component in offsetting SDL reductions. This view is widely evident amongst Basin communities.
- 1.22 The Committee acknowledges that this view is not shared by some environmental groups, who consider that works and measures, while essential, should supplement environmental flows, not reduce SDLs.⁶

6 See for example *Submission 31, Friends of the Earth*; *Submission 32, Conservation Council of South Australia*.

- 1.23 The major river systems of the Basin have been closely managed for decades. In its previous inquiry, the Committee heard extensive evidence from the north to the south of the Basin regarding how essential environmental works and measures are utilised to effectively manage icon sites and ensure adequate watering and river flows.
- 1.24 In addition, even in the short time available to this inquiry, the Committee received a number of submissions detailing potential environmental works and measures.⁷ It is clear that there will continue to be options for works and measures developed that will contribute to the balance between productive irrigation and environmental needs.
- 1.25 Knowledge of how to manage environmental assets continues to improve. The Committee is of the view that all water savings made through works and measures should be returned to productive use where needed.
- 1.26 The Committee is aware that the Basin State Ministers have been asked to provide an opinion to the MDBA on whether:
- the Basin Plan should incorporate a mechanism to adjust SDLs automatically to incorporate water efficiencies gained from works and measures as the works are implemented; or
 - the SDLs be reviewed as part of the 2015 review to take into consideration savings made of works and measures projects and the Plan be reintroduced to the Parliament for approval.⁸
- 1.27 Both of these options are complex and will require detailed modelling to be developed in order to ensure that there is certainty about SDLs. Nonetheless, the Committee is of the opinion that the Basin Plan should incorporate a mechanism to automatically adjust SDLs to respond to efficiencies made in environmental works and measures.

7 See for example: *Submission 24, Namoi Councils Water Working Group*; *Submission 30, Bullatale Landholders*; *Submission 7, Australian Dairy Industry Council*.

8 David Parker, Deputy Secretary for Water, SEWPAC, *Proof transcript of evidence*, Canberra, 20 June 2012, p. 2.

Recommendation 3

The Committee recommends that the Commonwealth Government develop a mechanism to adjust sustainable diversion limits automatically in response to efficiencies gained by environmental works and measures.

Monitoring and River Management

- 1.28 The Committee heard evidence regarding the role that effective river monitoring and management can play in achieving water savings. Some examples put to the Committee are:
- total river management through computer aided river management which has been demonstrated by Water for Rivers to be an effective river flow management system in the Murrumbidgee river system; ‘targeting environmental releases and water for consumptive use, while minimising river system losses’.⁹
 - strategic buyout and infrastructure reconfiguration of the Lowbidgee Irrigation District on the lower Murrumbidgee in western NSW, estimated to return an average of 100 GL to the environment annually.¹⁰
 - infrastructure works at Menindee Lakes aimed at reducing evaporative losses.¹¹
 - infrastructure works at the Lower Lakes to improve real-time management and reduce evaporative losses.¹²
- 1.29 The Committee reiterates the recommendations made in its previous report which focussed on improving river management, monitoring and auditing aimed at maintaining the economic viability, productive capacity and environmental sustainability of the Basin.

⁹ Submission 8, *Water for Rivers*.

¹⁰ Submission 7, *Australian Dairy Industry Council*, p. 4.

¹¹ Submission 21, *Namoi Catchment Management Authority*; Submission 24, *Namoi Water*; Submission 35, *Department of Sustainability, Water, Population and Communities*.

¹² Submission 35, *Victorian Farmers Federation*; Submission 7, *Australian Dairy Industry Council*; Submission 32, *Conservation Council of South Australia*.

Recommendation 4

The Committee recommends that the Commonwealth Government, as a matter of urgency, look seriously at further initiatives to improve river and irrigation management and monitoring.

Groundwater SDLs

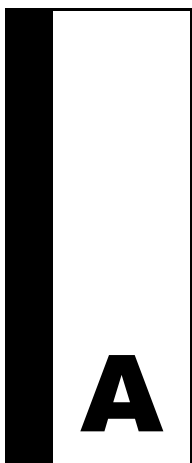
- 1.30 In its May 2011 report, the Committee found that greater work needed to be undertaken by the MDBA to understand groundwater resources and acknowledge the extensive work already done, particularly in NSW, at understanding the SDLs for groundwater.
- 1.31 In evidence to this inquiry, the MDBA told the Committee that a conservative approach has been taken towards the groundwater SDLs because of the uncertainty of knowledge around groundwater resources.
- 1.32 The Committee is pleased to note that the MDBA has adopted a policy to place no further reductions on those already undergoing reductions through programs such as the Achieving Sustainable Groundwater Entitlements program to allow time for the results of this program to be realised.¹³
- 1.33 The Committee further notes that some groundwater users submitted to this inquiry that the MDBA approach was greatly improved.¹⁴
- 1.34 The Committee has some ongoing concern about the impact that coal seam gas mining will have on groundwater resources, particularly if there is a level of uncertainty about groundwater resources. The Committee reiterates in the strongest terms that coal seam gas mining activity must be considered within the constraints of the groundwater system.



Tony Windsor MP
Chair
4 July 2012

¹³ *Proof transcript of evidence*, 20 June 2012, p. 12.

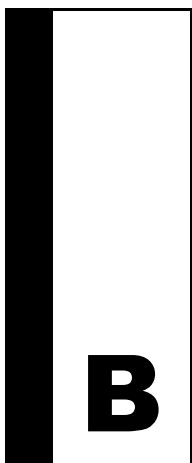
¹⁴ Lachlan Valley Water, *Submission 5*.



Appendix A – Submissions

- 1 Mr Tom Loffler
- 2 Mr Allan Haggarty
- 3 Murray Darling Basin Authority
- 4 Regional Development Australia - Northern Inland NSW
- 5 Lachlan Valley Water
- 6 Australian National University
- 7 Australian Dairy Industry Council Inc
- 8 Water for Rivers
- 9 NSW Irrigators Council
- 10 National Irrigators' Council
- 11 Wentworth Group
- 12 Environmental Farmers Network
- 13 SA Government
- 14 Riverina and Murray Regional Organisation of Councils (RAMROC)
- 15 National Farmers' Federation
- 16 South Australian Murray Irrigators Inc
- 17 NSW Government
- 18 National Water Commission
- 19 Murray Irrigation Ltd
- 20 Macquarie River Food and Fibre

- 21 Namoi Councils Water Working Group
- 22 Ms Rebecca Nelson
- 23 Gwydir Valley Irrigators Association
- 24 Namoi Water
- 25 Victorian Farmers Federation
- 26 Cotton Australia
- 27 Border Rivers Food and Fibre
- 28 Victorian State Government
- 29 Tallowa Pipeline Company Pty. Ltd.
- 30 Bullatale Creek Landholders
- 31 Friends of the Earth
- 32 Conservation Council of SA
- 33 Australian Conservation Foundation and Environment Victoria
- 34 Murrumbidgee Private Irrigators Inc
- 35 Department of Sustainability, Environment, Water, Population and
Communities
- 36 Mr Frank Conway
- 37 Mr Alan McPhate
- 38 Business SA
- 39 Queensland Government
- 40 Murrumbidgee Irrigation



Appendix B – Exhibits

- 1 Australian Conservation Foundation

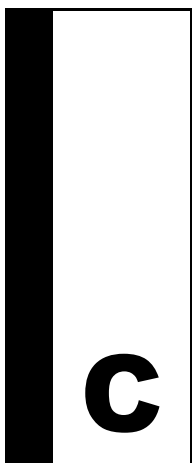
Notes presented

- 2 Water for Rivers

PowerPoint presentation

- 3 Water for Rivers

Estimation of savings from meters and improved river operations final report



Appendix C – Witnesses and hearings

Wednesday, 20 June 2012 - Canberra

Department of Sustainability, Environment, Water, Population and Communities

Mr Simon Banks, Assistant Secretary, Environmental Water Delivery

Mr Steve Costello, Assistant Secretary, Commonwealth Environmental Water Office

Ms Mary Harwood, First Assistant Secretary, Water Efficiency Division

Mr David Parker, Deputy Secretary, Water

Mr Tony Slatyer, First Assistant Secretary, Water Reform Division

Murray Darling Basin Authority

Ms Rhondda Dickson, Chief Executive

Mr Tony McLeod, General Manager, Water Resources Planning

Ms Jody Swirepik, Environmental Management

National Water Commission

Mr James Cameron, Chief Executive Officer

Friday, 22 June 2012 - Canberra

Australian Conservation Foundation

Dr Arlene Harriss-Buchan

Ruchira Talukdar, Healthy Rivers Campaigner

Australian Dairy Industry Council Inc

Mr Daryl Hoey, Basin Response Taskforce

Australian National University

Dr Jamie Pittock, Director of International Programs, UNESCO Chair in Water Economics and Trans boundary Water Governance, Crawford School of Economics and Government

Cotton Australia

Mr Murray Michael, Manager, National Water Policy

Mr Michael Murray, National Water & Queensland Policy Manager

Dairy Australia

Ms Claire Miller, Water Policy Analyst

DHI Solutions

Mr Terry Van Kalken, Technical Director

Lachlan Valley Water

Ms Mary Ewing, Executive Officer

Namoi Community Action Group

Mr Bernard George

Namoi Councils Water Working Group

Mr Bruce Brown, Chair

National Farmers' Federation

Mr Leslie Gordon, Chair

Ms Deborah Kerr, NRM Manager

National Irrigators' Council

Mr Tom Chesson, Chief Executive Officer

State Water Corporation

Mr Daniel Berry, Manager, Water Delivery

Water for Rivers

Mr Richard Bull, Chairman

Mr Neville Smith, Chief Executive Officer

Wentworth Group

Mr Tim Stubbs, Policy Analyst

Dr John Williams

Wednesday, 27 June 2012 - Canberra

Government of South Australia

The Hon Paul Caica MP, Member for Colton/Minister for Environment
and Conservation

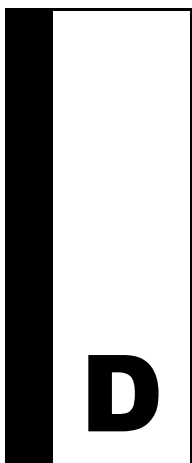
NSW Government

Mr David Harriss, Commissioner, NSW Office of Water

Victorian Government

Dr Jane Doolan, Deputy Secretary, Water Group

Mr Philip Heaphy, Director, Intergovernmental Policy Group



Appendix D – Water saving proposals

The table below outlines some projects put to the Committee to offset further reduction in SDLs by use of environmental works and measures received during this inquiry. The table is indicative only but is presented to show the array of possible savings by works and measures proposed to the Committee.

Table D.1 Water saving proposals

Project	Potential Reduction in required SDLs (GL)
Victoria	
Lindsay-Walpolla Island. ¹	1,110 per event
Changed timing of Hume to Lake Victoria water transfers ²	40
Target flooding from changed lake Victoria operation ³	10
Lindsay river allowance used in a more timely way ⁴	70
Conversion of Lindsay River allowance into held environmental water to allow better management. ⁵	Approx. 70
Torrumbarry to Wakool bypass. ⁶	Approx. 40
Red gum forests in Victoria. ⁷	550 per annum
New South Wales	
Menindee Lakes reconfiguration. ⁸	100
Reconfiguration of Lowbidgee Irrigation District. ⁹	100 ¹⁰

1 Australian Dairy Industry Council, *Submission 7*, p. 2.

2 Victorian Farmers Federation, *Submission 25*, p. 7.

3 Victorian Farmers Federation, *Submission 25*, p. 7.

4 Victorian Farmers Federation, *Submission 25*, p. 7.

5 Australian Dairy Industry Council, *Submission 7*, p. 3.

6 Australian Dairy Industry Council, *Submission 7*, p. 4.

7 Australian Dairy Industry Council, *Submission 7*, p. 3.

8 Australian Dairy Industry Council, *Submission 7*, p. 4.

9 Australian Dairy Industry Council, *Submission 7*, p. 4.

Project	Potential Reduction in required SDLs (GL)
Better use of environmental flows from the Snowy Scheme. ¹¹	200
Murrumbidgee Computer Aided River Management System. ¹²	262 to 312 ¹³
South Australia	
Water Industry Alliance South Australian River Murray Improvements Program. ¹⁴	40 over 5 years
Adelaide desalination plant. ¹⁵	6
Reconfiguring drainage in south eastern South Australia. ¹⁶	14 per annum
Reconfiguring Murray lakes in South Australia. ¹⁷	63 per annum
Drainage options for southern Lagoon of the Coorong ¹⁸	100
Real time lower lakes management. ¹⁹	40

10 Murrumbidgee Private Irrigators Inc. Identifies this figure as 170GL. See *Submission 34*, p. 3.

11 Victorian Farmers Federation, *Submission 25*, p. 8.

12 Water for Rivers, *Submission 8*, p. 2.

13 National Irrigators Council identifies this figure as 80GL. See *Submission 10*, p. 21.

14 South Australian Government, *Submission 13*, p. 3.

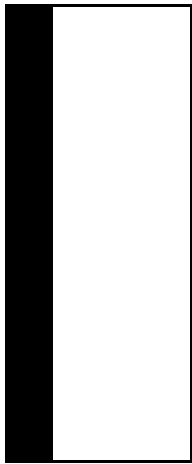
15 South Australian Government, *Submission 13*, p. 3.

16 Australian Dairy Industry Council, *Submission 7*, p. 3.

17 Australian Dairy Industry Council, *Submission 7*, p. 3.

18 Victorian Farmers Federation, *Submission 25*, p. 7.

19 Australian Dairy Industry Council, *Submission 7*, p. 3.



Additional Comments – Hon Dr Sharman Stone MP

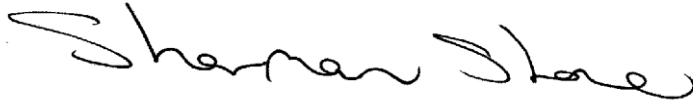
Of necessity, this inquiry was conducted over a few short weeks and should be considered a supplement to the first report of this committee: “Of Droughts and Flooding Rains”, June 2011.

The additional evidence received for this report reinforced many of the submissions made to the first inquiry, leaving me in no doubt that the majority of stakeholders still seek to achieve a Plan that is a balance between achieving environmental sustainability, maintaining viable communities and thriving regional economies. I endorse the view that these elements are interdependent.

The terms of reference required us, among other things, to report on Commonwealth progress in the recovery of water for the environment through irrigation infrastructure investments and purchase.

I wish to restate that the overwhelming evidence from Basin stakeholders continues to identify that the most effective ways to achieve a sustainable environment without destroying regional economies is to find any further savings needed through investment in improved water efficiencies on farms and in irrigation or stock and domestic systems; in additional environmental works and measures and in improved river management. I strongly support those who argue that no water should be purchased for the Commonwealth Water Holder through the irrigator’s water market. This distorts prices and strands assets. Strategic buy-back of water should only be considered through a different process and only after there is comprehensive and independent analysis of third party impacts, in particular the immediate and longer term impacts on the regional economy and communities.

The Committee's first report "Of Droughts and Flooding Rains" deliberately did not specify a preferred SDL volume, on the understanding that a single figure without appropriate recognition of savings already found, or committed from all sources and without a scientific understanding of the eco-systems needs, was meaningless. I continue to strongly support that view.

A handwritten signature in black ink, appearing to read "Sharman Stone". The signature is fluid and cursive, with the first name "Sharman" being more prominent than the last name "Stone".

Hon Dr Sharman Stone

5 July 2012