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**Submission to the House of  
Representatives Standing Committee  
on Regional Australia**

***Inquiry into certain matters relating to  
the proposed  
Murray-Darling Basin plan***

**120606**

## **Introduction**

NSW Irrigators' Council (NSWIC) represents more than 12,000 irrigation farmers across NSW. These irrigators access regulated, unregulated and groundwater systems. Our Members include valley water user associations, food and fibre groups, irrigation corporations and commodity groups from the rice, cotton, dairy and horticultural industries.

This document represents the views of the members of NSWIC. However each Member reserves the right to independent policy on issues that directly relate to their areas of operation, or expertise, or any other issues that they may deem relevant.

## **Request to Address the Committee**

NSWIC requests the opportunity to address the Committee to support the evidence provided in this Submission.

## **Request for Committee to Extend Timeframes**

NSWIC is extremely disappointed at the timeframes within which stakeholders were asked to contribute submission. Less than two weeks practical notice was provided. For peak groups, such as NSWIC, in particular, the process of creating a submission involves not just gathering the necessary evidence to answer Terms of Reference, but providing drafts to a wide range of Member bodies for their review, analysis and comment. Subsequent reviews must then also be made available to others.

The practical upshot of consultation requirements within a peak body are such that less than one week was provided in which to draft a submission. In the event that the Committee believes - as NSWIC submits it should - that this additional Inquiry is sufficiently important to fully gather necessary evidence, consideration of extending timeframes are necessary. At the very least, the Committee - if it concurs with our submission - must advise the Minister in its report that sufficient time was not provided by him to fully address these issues.

## General Comments

NSWIC provided extensive submissions to the Committee during its first Inquiry into the Basin Plan issue subsequent to the release of the Guide to the Basin Plan. Whilst the opportunity to provide input to the Committee was welcomed by our stakeholders, we have since been disappointed that the recommendations of the Committee have largely been ignored.

In particular, we point to the following recommendations from the Report and the responses (or lack thereof) from the Government dated November 2011.

*Commission a study to identify all regulations and agreements that inhibit the efficient management of water in the Basin*

No such study has been completed, or, to the best of our knowledge, commissioned. The Government ignored this part of the recommendation in its response.

*Develop a community engagement strategy, engage all Basin stakeholders in a genuinely inclusive and respectful manner, clearly communicate the need for a Basin Plan...*

NSWIC will concede that the engagement process between the Guide and the Draft Plan had the hallmarks of being greatly improved. Since the release of the Draft, however, and the clear dismissal of submissions from a wide range of stakeholders (exacerbated by lack of evidence that they were even considered), such concession must be revoked. The MDBA has again failed to engage stakeholders in the manner which the Committee envisaged.

Perhaps more damningly, the need identified to *clearly communicate the need for a Basin Plan* has not been met. The MDBA has failed to embrace this requirement as, it must be said, has the Government. No mention of this requirement was made in the Government's response to the initial Report.

*Localised and targeted structural adjustment packages, economic development plans*

At a macroeconomic level, the impact analysis of the Basin Plan has been based on false assumptions which have been pointed out, stressed and criticised to no avail. The socio-economic impact statements in the material released with the draft were limited to a defence of work already conducted. At a localised level, no further work whatsoever has been undertaken. It remains impossible to determine localised economic impact and hence we submit any argument that they are being addressed is churlish, at best.

NSWIC notes that the Government response to this recommendation listed, in part, that the Farm Ready program was assisting rural communities in respect of the Basin Plan. The Committee will be aware that the Farm Ready program was axed in

the recent Federal Budget and will end on 30 June this year, with reimbursement no longer being available for courses completed after 31 May.

*Immediately cease all non-strategic water purchase in the Murray-Darling Basin and take a strategic approach to water purchases that prioritises the lowest possible impact on communities. Prior to any water purchase process, identify the consequences for the community.*

The Government responded to this recommendation that it would *consult further with industry on a program which will integrate water purchasing with infrastructure reconfiguration.*

The Government did, indeed, consult further with industry. It presented a program with which industry unanimously disagreed. The Government then went ahead and opened a tender under that program in any event. Members of NSWIC publicly stated that the program was not strategic and expressed severe concerns that their capacity to limit customer engagement was potentially illegal.

Further, the Government stated that a *water recovery strategy* would be developed and publicly released. NSWIC is not aware of any such strategy having been developed or released. In April 2012 the NSW Government published documents stating that it did not yet exist. The Victorian Government heads of agreement with the Commonwealth for the Northern Victorian Irrigation Renewal Program noted that the Commonwealth would be devising such a strategy. On its website<sup>1</sup>, the Environment Department states *the Government will publish, for consultation, a draft water recovery strategy*. NSWIC notes the failure to deliver on this commitment to date, yet notes the continuation of water purchasing. We submit that this is a flagrant disregard for the recommendation of the Committee.

In respect of community consequences, the Government did not respond to the Committee recommendation and certainly has not put in place any mechanism to implement such a sensible regime.

*Establish a national water fund to invest in on and off farm project, environmental works and measures and research and development*

NSWIC was heartened with the Commonwealth Government response to this recommendation; *the Government agrees that a new approach to infrastructure funding is required.*

Our dismay, however, is growing as considerable time has passed with noactivity undertaken to design or implement that new approach.

*Establish a national water fund manager*

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<sup>1</sup> [www.environment.gov.au/water/basin-plan/faq.html](http://www.environment.gov.au/water/basin-plan/faq.html) accessed 6 June 2012

The recommendation was flatly rejected by the Government, who argued that it considered *they can be achieved effectively within existing institutional arrangements*.

NSWIC submits that the Committee would not have made such a recommendation if the objectives to which it referred were being achieved. Clearly they were not, yet no significant change has been made to "existing institutional arrangements" and no national water fund manager has been established.

*The development of a plan, in conjunction with the States, for the implementation of the Basin Plan*

NSWIC is not aware of any such plan, despite the Government reporting that it agreed with the recommendation. Moreover, we are mindful of the political rhetoric of the Government on the release of the Revised Draft that it is prepared to use legislative power to implement the Plan *in absentia* the agreement of the States<sup>2</sup> in clear disregard to the recommendation of the Committee.

*Clearly communicate to Basin communities the purpose of the Environmental Watering Plan and how it would be implemented at regional level*

NSWIC has been extremely critical of the MDBA at the release of the Guide, Draft and Revised Draft as not one of those documents has contained an Environmental Watering Plan. Each document has bestowed responsibility for this key element of the Plan on the States. It is therefore utterly impossible to "communicate how it would be implemented at regional level" as it has not even been prepared.

Bizarrely, though, the Government agreed with this recommendation, stating *the MDBA is responsible for preparing the Environmental Watering Plan. The MDBA intends to release a companion document to the Environmental Watering Plan to explain its purpose*.

The undertaking has quite clearly not been realised. In light of it, NSWIC submits that the Committee advise the Government of the breach of responsibility on behalf of the MDBA.

In our submission, the Government has not responded appropriately to the recommendations of the original report of the Committee. In light of that and the extremely short timeframe in which the Minister has sought a further report, we urge the Committee to proceed with extreme caution. We are curious as to the motive of such a short timeframe and of the Terms of Reference. We urge the Committee to be wary of being drawn into assisting political conclusions.

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<sup>2</sup> <http://www.smh.com.au/environment/water-issues/burke-may-go-it-alone-in-plan-to-save-river-system-20120529-1zgmuh.html#ixzz1wQiSsXIB>. Accessed 14 June 2012

## Specific Terms of Reference

### 1. Progress to date in water recovery towards bridging the gap by 2019 through both irrigation infrastructure investments and water purchase

NSWIC is bemused that the Minister seeks the opinion of the Committee in this respect, noting that his Department is largely responsible for ongoing infrastructure programs and entirely responsible for purchasing programs. The Statutory Office of the Commonwealth Environmental Water Holder sits within the Department who therefore have clear and obvious ability to access this information.

In general, NSWIC maintains its position that infrastructure investment should and must be prioritised over acquisition by purchase. Whilst noting no "general tenders" in this financial year, we submit that the current program, whilst having varied conditions, remains a purchase. Further, we note that significant purchase programs remain within Budget forward estimates. We do not believe that rhetorical commitment to infrastructure prioritisation has been backed by demonstrable action.

NSWIC submits that the Committee advise the Government that a formal commitment to infrastructure bias is necessary as part of the Basin Plan. In our submission, formal recognition within the legislative instrument would be preferable. A secondary provision would see the commitment take the form of an Inter Governmental Agreement.

NSWIC further notes that the "bridge the gap" commitment held by both sides of politics is currently constituted merely by policy commitment. We submit that the Committee advise the Government to formalise this commitment in an environment of bipartisanship on the matter. Again, our preference would be to see the commitment in the legislative instrument but a secondary provision for an IGA may be acceptable.

When advising the Government on the progress in water recovery, NSWIC submits that the Committee refer the Government to its original Recommendations in respect of

- a published water recovery strategy;
- an implementation plan agreed with the States;
- cessation of non-strategic purchase (and the Government's commitment to consult with industry on program design); and
- establishing a national water fund and fund manager.

We note that none of these recommendations have been implemented in full, which we submit the Committee should make strong comment on to the Minister.

NSWIC has been engaged with the River Reach<sup>3</sup> program for several years and retains its strong support for it. We recognise that the Government has funded the development of the project but believe it is now at a stage where active use of River Reach products to deliver environmental outcomes with minimal social and economic consequences should be undertaken. We submit that the Committee recommend the use of the program to the Government.

### *Reliability Factors*

With a focus on entitlement recovery to meet a nominated figure for reduction (2,750 gigalitres) being the preferred method of the Commonwealth to date, focus on the conversion factors of entitlements to yield becomes critical. NSWIC submitted to the Murray-Darling Basin Authority that these conversion factors must be stated in the Basin Plan. This submission was ignored.

Shortly before the release of the Draft Basin Plan, a series of conversion factors that SEWPaC intended using were inadvertently placed on their website<sup>4</sup>. The factors were considerably lower than recognised annual yields. Had those factors been implemented, the 2,750 nominated recovery volume would have resulted in significantly greater recovery than anticipated by stakeholders.

NSWIC submits that the absence of specified yields in the Basin Plan results in massive uncertainty in terms of entitlements to be recovered. We further submit that such uncertainty results in accurate social and economic impact determination being impossible.

Further, we point to implied yields used by SEWPaC in reporting acquisitions through purchase to date<sup>5</sup>. When compared against Long Term Extraction Factors published by the NSW Office of Water<sup>6</sup>, significant variances are apparent. For those catchments on which data is equally published, a table of those variances appears on the following page.

The table calculates yield factors imposed by SEWPaC by dividing the disclosed yield against the disclosed purchase. It then compares the implied yields against the Long Term Extraction Factor determined by NSW using historical data gathered over a period in excess of 100 years. Taking the Macquarie system as an example, the implied yield determined by SEWPaC is 0.42, or 42%. The Long Term Extraction Factor is 0.53, or 53%. The variance is therefore significant.

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<sup>3</sup> [www.riverreach.com.au](http://www.riverreach.com.au)

<sup>4</sup> See Weekly Times 2 November 2011

<sup>5</sup> <http://www.environment.gov.au/water/policy-programs/entitlement-purchasing/index.html#purchasing-program> viewed 14 June 2012 via map at bottom.

<sup>6</sup>

[https://www.google.com/url?q=http://www.water.nsw.gov.au/ArticleDocuments/34/model\\_river\\_water\\_availability\\_mdb\\_reg\\_rivers.pdf.aspx&sa=U&ei=qT7ZT\\_q3Lu6SiQfRy42CAw&ved=0CAUQFjAA&client=internal-uds-cse&usg=AFQjCNHrZ5mChulu7HPB9YmPsPK6cwHxA](https://www.google.com/url?q=http://www.water.nsw.gov.au/ArticleDocuments/34/model_river_water_availability_mdb_reg_rivers.pdf.aspx&sa=U&ei=qT7ZT_q3Lu6SiQfRy42CAw&ved=0CAUQFjAA&client=internal-uds-cse&usg=AFQjCNHrZ5mChulu7HPB9YmPsPK6cwHxA) viewed 14 June 2006

Viewed at an aggregate level, the variance of 7,400 megalitres on 334,817 megalitres is around 2.2%. This seems insignificant until applied against a larger volume, such as 2,750 gigalitres. At that figure, the volumetric divergence is 61 gigalitres.

### Reliability Factor Comparison

Catchment	Entitlement	SEWPAC Figures		Reliability	NOW	Variance	Megalitres
		Purchased ML	Yield ML		LTEF		
NSW Border	High				0.95		
	General				0.43		
Gwydir	High				0.95		
	General	88,520	31,867	0.36	0.41	0.05	4426.2
Namoi	High				0.95		
	General	6,203	4,776	0.77	0.76	-0.01	-61.72
Macquarie	High	0	0		0.95		
	General	57,631	24,205	0.42	0.53	0.11	6339.43
Lachlan	High	733	733	1.00	0.97	-0.03	-21.99
	General	81,671	34,302	0.42	0.42	0.00	-0.18
Murrumbidgee	High	103	98	0.95	0.92	-0.03	-3.24
	General	147,230	94,227	0.64	0.63	-0.01	-1472.1
NSW Murray	High	2,636	2,504	0.95	0.93	-0.02	-52.52
	General	175,439	142,105	0.81	0.8	-0.01	-1753.8
Lower Darling	High				0.91		
	General				0.88		
		560,166	334,817				7,400

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**

### ***Purpose of Environmental Works and Measure Projects***

NSWIC is concerned at the recent blending of discussion over environmental works and measures and the proposed SDL reduction. In our submission, the two matters must be considered separately.

The first matter is establishing a sustainable diversion limit and the consequent reduction. We maintain our belief that this should be determined based on balancing the social, economic and environmental implications.

The second matter is establishing how the required reduction can be achieved with a minimum of social and economic impact. NSWIC has consistently advocated that environmental works and measures are an important and meaningful part of this discussion.

We do not - and will not - accept an increase in the SDL-linked reduction on the basis of identification of new environmental works and measures. At each stage of the development of the Basin Plan, communities have been led to believe that these projects would assist in delivering the required reduction. Those same communities will be quite justifiably angered if works and measures are used to increase the reduction. Such an increase will materially increase the social and economic impacts of the Basin Plan.

### ***Recognition of Works and Measures Projects***

NSWIC submits that two types of projects exist which must be considered. Importantly, the manner in which they contribute to achieving the Basin Plan must be considered, detailed and agreed upon. NSWIC submits that a significant consideration of this by the Committee would be extremely useful.

Projects that result in identified ongoing savings in NSW can contribute to the Basin Plan through the issue of Adaptive Environmental Entitlements. This process was structured through amendments some eighteen months ago to the *Water Management Act* (NSW) 2000. In this respect, this jurisdiction might prove a useful example to others. An example of a project under this category might include a wetland that, with the addition of pumps, can achieve environmental objectives using less water than was previously required. The agreed savings amount can be calculated and issued as an adaptive environmental entitlement for transfer to the Commonwealth Environmental Water Holder.

We caution, however, the possible volume capacity of these projects. NSWIC understand that the MDBA has assumed up to 80% return flows from en route environmental assets in the Revised Draft. Those return flows contribute to

defined end of system flows. If this understanding is correct, only 20% of savings would actually contribute to Basin Plan targets as return flows are similarly reduced. NSWIC submits that it would be useful for all parties for the Committee to make further enquiries and report on this aspect of the Revised Draft.

The second "group" of projects that might be termed environmental works and measures are more difficult to describe and account for in the current structure of the Basin Plan. These projects are those that do not necessarily involve a discernible annual saving that can be attributed to the entitlement framework as it currently exists. Examples might include refined pre-release patterns in advance of possible flood inflow events being accredited to environmental objectives or extension of weir heights to enable more frequent inundation of assets.

With the current "held entitlements" framework established for the Commonwealth Environmental Water Holder, it is not possible for offsets from these works and measures to be credited to the Basin Plan. NSWIC submits that a direction from the Committee to the Government to develop as a matter of priority an offsets framework would be a universally welcomed outcome.

### **3. The groundwater sustainable diversion limits (SDLs) for the Basin in the revised Basin Plan**

NSWIC has publicly stated that the increase in groundwater SDLs from the Guide to the Draft was something of a non-issue in respect of the stated environmental objectives of the entire process. The increase, we understand, was largely in response to a NSW request to establish the sustainable diversion limits of aquifers that are currently not in use. It is our understanding that those aquifers are largely saline and are unlikely to ever be used for agricultural purposes. Their use would likely be confined to other industry - notably mining - that would need access to water.

NSWIC submits that the Committee establish if access to those currently unaccessed aquifers would have any implications whatsoever for the health of the Basin in recognition that environmental protections must exist aside from the Basin Plan with respect to their use. Having established that, the Committee, in our submission, should advise the Government on whether the reduction identified in the Revised Draft was merely a political expediency or was, indeed, driven by a politically untainted motive.

ENDS