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3/34 Lagoon Street
PO Box 507
Goondiwindi QLD 4390
07 46713888 
07 46711039 

www.brff.com.au

Chairman: David Coulton

Executive Officer: Tim Napier

18 May 2011

Committee Secretary
House of Representatives Standing Committee on Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

By Electronic Mail

Dear Secretary,

Please find attached the information requested of me by the Chairman, Mr Windsor MP, at the hearings at which we appeared, in Goondiwindi, on March 16th, 2011.

I grant permission for these to be included publically as a supplementary submission to the Committee's Inquiry.

Yours sincerely,

Tim Napier
Executive Officer
Border Rivers Food & Fibre

Affiliates: Boomi-Gnoura Gnoura Water Users Association; Dumaresq Valley Irrigators Association; Eastern Recharge Groundwater Users Association; Lower Weir River Water Users Association; Macintyre Brook Irrigators Association; Macintyre River Basin Water Users Association; Macintyre Valley Cotton Growers Association; Mole & Sovereign Water Users Association; Mungindi Water Users & Cotton Growers Association; Pindari Water Users Association; Upper Weir River & Tributaries Water Users Association

Response to Request for Further Detail on Border Rivers Reductions Under State Plans

During the past 17 years water management in the Border Rivers has gone through a period of unprecedented change in development, regulation and management of the water resources. The key events during this period have been:

1. 1994 COAG Agreement on water
2. Agreement on Valley CAP figure 1999.
3. New Water Acts in NSW and QLD in 2000 to establish basis for water reforms
4. An Inter-governmental Agreement between NSW and QLD, principally dealing with bulk water sharing, environmental flows and Interstate Trading Rules for the Border Rivers
5. The QLD Water Resource (Border Rivers) Plan of December 2003, followed by a Resource Operations Plan (ROP) implemented March 2008.
6. The NSW Border Rivers Regulated Water Sharing Plan (WSP) implemented July 2009.
7. The National Water Initiative (NWI) of 2004
8. The National Plan for Water Security (NPWS) which became the Water for the Future Program in 2008.

These were implemented by the respective State and Federal Governments with the clear objective of securing the long-term environmental sustainability of the Border Rivers and preserving the productive capacity of irrigated agriculture and the continuing viability of rural and regional communities.

Prior to the current Plans, both State Governments aggressively promoted the development of irrigation industries as a means of furthering regional development. This it did most successfully and new industries developed and local regional economies flourished as a direct result. The States continued to issue new entitlements right up until the late 1990's. There were conditions attached to some entitlements which required that they be activated or they would lapse, which created an additional spurt of growth in use. The Valley Cap for the Border Rivers was agreed as the level of use at November 1999 plus developments that had already commenced at that point. There remains a significant number of sleeper entitlements in the valley (up to 20% above existing use), which, if activated, will continue to erode the quantities and reliability of the existing water-users, particularly those with the less-conservative holdings of entitlements in relation to the amount of area they have developed.

Results of the reforms have always been difficult to ascertain, except for the notable increases in downstream volumes that pass out of our valley at Mungindi. The required End of System Flow prior to 1999 was about 25% of pre-development flows, where under current State Plans that figure is recognised as 60.8%, but is in reality more than 70% once the ungauged flows are accounted for.

A 10 year drought has not enabled the current arrangements to be fully described in environmental results. Notwithstanding this reality, the Sustainable Rivers Audit (study conducted between 2004 and 2007, report released May 2008) rated the Border Rivers as the healthiest working river in the Basin, and this was before the introduction of the current State Plans. This point is further reinforced by correspondence from Commonwealth Department (DEWHA) in advising unsuccessful tenderers for the Buyback (see Letter attached) that the Border Rivers "does not have the capacity to deliver water to priority environmental assets..."

The State Plans immediately impacted those water-users who had fully exploited their entitlements under the previous regulatory regime to a greater extent than those who were more conservative in their developments.

Perhaps the biggest impact on water availability has been the change in thresholds which must be attained to trigger access to unregulated flows. This threshold was lifted from 2500ML/day flow at Goondiwindi to 10,000ML over 2 days at Goondiwindi. Models indicated that long-term average quantities taken would remain similar to the previous threshold, but the reality to date, particularly during the drought period, was that access opportunities were fewer and far less frequent under the new threshold and volumes accessed have been a fraction of the modelled outcomes. It is this change, apart from the many others, that has had the greatest impact on un-regulated water-users in terms of water availability, and therefore their business' bottom-lines.

The reliance on unregulated water-use is a feature of the northern tributaries of the Darling that is typically not well understood by those from outside these valleys. There are a number of reasons for this:

1. Only 13% of the valley is behind dam walls, so runoff from the remaining 87% of the valley can only be harnessed through extraction from streams into on-farm storages typically situated on the floodplain downstream.
2. Some dams proposed in the 1960's and 70's were never built, but the governments of the day elected instead to promote the building of on-farm storages and the issuing of 'off-allocation' entitlements that allowed the harvesting of these flows. In many cases the government subsidised the building of on-farm storages. These constructions were limited to wall heights of 5m which meant that to expand your storage capacity you had to 'go out rather than up' ie. increase your area/number of storages rather than the heights of existing ones. This meant that greater surface area of water exposed rather than making existing storages deeper and hence more efficient.

Works in Queensland, that are able to extract water, now have a maximum 'rate-of-take' applied to them which did not exist in the past. This means that although they may be physically capable of taking more water than they are allowed to over a period of time, they are now restricted to the Volumetric Limit attached to the entitlement. The impact has been an overall lower volume of water extracted than has historically been the case, which has not been able to be measured accurately enough to compare against modelled outcomes. Again, this has impacted some water-users more than others.

Some of these impacts were anticipated and recognised prior to the Plans being introduced and the water-users regarded this as the trade-off for gaining greater legal security and property rights over their water entitlements in the long term. However, the level or severity of impact was not envisioned to the extent that they have subsequently proven to be under the new rules, especially when combined with the impact of severe drought.



Australian Government

Department of the Environment, Water, Heritage and the Arts

Our reference: [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Ref: [REDACTED]

Dear [REDACTED]

Thank you for your application on behalf of [REDACTED] to sell water entitlements to the Commonwealth under the *Restoring the Balance in the Murray-Darling Basin* program. The application to sell [REDACTED] 00 ML of General Security water entitlement in the Border Rivers Water Source, at \$ [REDACTED] 00 per ML, licence number [REDACTED] was received by the Department on 19 March 2009.

The Department has decided not to pursue your offer. Investigations have concluded that your water source does not have the capacity to deliver water to priority environmental assets and therefore does not represent sufficient value for money for purchasing under the government program.

Information on the *Restoring the Balance in the Murray-Darling Basin* program, including a summary of publicly available price information, can be found on the Department's website at www.environment.gov.au/waterpurchasing. If you have any other queries please email those to waterpurchasing@environment.gov.au or phone the Department on our toll free number: 1800 218 478.

Yours sincerely

Colin Mues
Assistant Secretary
Water Recovery Branch
May 2009

