



The Secretary of the Committee
Inquiry into the Impact of the MDBA Plan in Regional Australia
Parliament House
Canberra

Dear Secretary to the Committee,

Please find the following comments which relate to your terms of reference

“The direct and indirect impact of the proposed Basin Plan on regional communities, including agricultural industries, local business activity and community wellbeing”

and consideration of community views on

“Previous relevant reform and structural adjustment programs and the impact on communities and regions.”

Our family farming business has two groundwater entitlements in the NSW 015 aquifer. These were purchased five years and fourteen years ago respectively.

We have considerable reliance on ground water through our investment in three centre pivot irrigators, seven pivot points, and aquaculture enterprise and an olive grove. All of our delivery is via pipes and the systems are powered by three phase electricity that has been laid underground. Our total investment in water-related agriculture has been about \$2.3 million. All of the funding for these developments has been sourced from loans from the bank and from income generated elsewhere on the farm. None has been provided by government grants or schemes.

During the process of developing our water-dependent agricultural activities we sought assurances from the NSW departmental authorities regarding the security of our entitlements. We and other entitlement holders in the 015 aquifer were assured on many occasions, most recently in 2007, that our entitlements were secure and that the aquifer had been conservatively allocated.

My concern with the MDBA draft Plan is the information contained on page 141 of the document indicating that no change is necessary for the 015 aquifer.

Nothing could be further from the truth.

In actual fact, the combined state/federal water reform processes arising from the National Water Initiative and the MDBA Draft Plan will see a reduction in the order of 70% in our ability to access the water that appears on our entitlements.

This will have a profound effect on our equity position with the bank and therefore the ability to access further finance. It is also likely to adversely affect our ability to

generate income from our agricultural enterprises that are reliant upon groundwater for their success.

Because of the high costs associated with pumping of groundwater, we already operate at the “best practise” end of the water-use efficiency spectrum and are unlikely to benefit from further investment, either private or public, in efficiency measures.

Whilst acknowledging that water reform is needed, we find ourselves in an inequitable situation where we are locked out of the structural adjustment mechanisms offered to many other water entitlement holders who are the subject to the MDBA Plan.

This has come about through a number of anomalies identified within the Plan.

The first is a policy that Sustainable Diversion Limits (SDLs) will be limited to current use. This policy unfairly singles out and disadvantages entitlement holders in those groundwater sources that have been recent in their development. Surely the SDL should be related to recharge rather than current use if there is to be some basis related to science rather than political or administrative whim. If related to recharge the SDL would then be consistent with the Plan’s stated aim of groundwater systems not being subjected to continued drawdown.

The second is a policy that current diversion limit is equal to current use. In actual fact, the current diversion limit in the 015 aquifer (in the absence of a NSW plan) is equal to the total volume of entitlements, i.e. 41 000ML, not the 11 000ML as indicated on page 141 of the MDBA plan.

The third is the inconsistency of treatment of surface and groundwater systems in the MDBA plan for the determination of sustainable diversion limits. The MDBA Draft Plan suggests that the 015 aquifer is not highly connected to the Murray River. However, in a recent meeting with NSW departmental officials, we have been informed that the 015 aquifer derives about 50% of its recharge from the Murray River. Whilst these two notions may be compatible (the MDBA Plan states low connectivity with the river if less than 70%), surely there needs to be a reconsideration of the inequity of treatment of surface and groundwater with respect to current diversion limits and sustainable diversion limits. The need for a review of this policy is even more necessary where it has been deemed that connectivity between surface water and groundwater is evident.

If we are to believe that surface water and groundwater is a continuum, why are they treated as significantly different for the purposes of the MDBA Plan?

The fourth is the inequity of treatment of those entitlement holders in water sources that have been subjected to a water sharing plan versus those in water sources which have not been the subject of a plan. The effect of this inconsistency is that entitlement holders in some water sources are able to participate in the “willing sellers” program of the Australian Government whilst others are excluded.

The fifth is a claim within the NSW draft Plan for the 015 aquifer that the difference between recharge and current use will be directed to the environment.

This volume of about 3 000ML is not reflected in the MDBA Draft Plan. NSW departmental officials have indicated that they cannot identify any groundwater dependent ecosystems to which this quantum of water can be directed. This contradicts the notion that water for the environment should be assigned to defined environmental benefits.

The sixth is the difference in time lines for the various states to develop their water sharing plans. NSW seems intent on completion within the next four months whilst our Victorian counterparts a few kilometres away have been given several years. Additionally, the previous courtesy of community involvement and consultation exhibited by the NSW authorities in the development of earlier plans has been completely overturned in the more recent process.

I believe that the above inconsistencies could and should be corrected by the following actions.

1. The sustainable diversion limit for groundwater should be equal to recharge. In this case the SDL should be about 15 000ML if it is to be consistent with the NSW Draft Plan for the 015 aquifer.
2. The current diversion limit should be equal to the current entitlement. This should be shown in the table on page 141 of the Draft Plan as 41 000ML.
3. The reduction in current diversion limit should be shown as the difference between current diversion limit and sustainable diversion limit, i.e. 26 000ML. This represents more correctly the “level of pain” to be experienced by entitlement holders in the 015 aquifer.
4. The inequity in treatment of entitlement holders with and without plans should be reviewed. In the case of the 015 aquifer, we were asking the NSW departmental officials over a period of many years (starting in about year 2000) for a plan in view of the reductions in entitlements in the neighbouring 016 aquifer and the Murray River. We were assured that there was no need as we were not at risk and that it was not a priority. Irrespective of the existence or otherwise of a state plan, the structural adjustment programs offered by the Australian Government should be available to all entitlement holders who are now the subjects of the combined National Water Initiative and MDBA Plan.
5. The NSW and Australian Governments should have a consistent approach to the acquisition of environmental water, i.e. any water recovered for the environment should relate to specific environmental benefits. The NSW government also needs to be convinced that a permanent reduction in water allocations as proposed in their Draft Plan is equivalent to a reduction in entitlement from the perspective of the entitlement holder of the water.
6. The NSW government should be encouraged to develop a plan for the 015 Aquifer that allows adequate time for community input/involvement and uses

science as the basis for planning rather than political/administrative expediency. The time line should be extended beyond that which is presently proposed, possibly by six months. This would be consistent with the recently announced extension of timing for the release of the MDBA Plan.

I believe I am qualified to comment on the MDBA Plan and its ramifications having been appointed as chairman by the NSW government for a period of five years from year 2000 to develop a water sharing plan for the regulated reaches of the Murray and Lower Darling rivers. We had extensive community, industry, environmental, departmental and interstate representation on that committee. The final plan was agreed upon by all participants.

The current planning process and policy framework is quite different. Our recent experience is that the MDBA and NSW state departmental officials are blaming each other for inadequacies in the Plan. We are caught in the middle and are significantly disadvantaged relative to other water users.

The fact of the matter is that societal values have changed and the willingness of previous state governments to allocate/over-allocate water across the range of sources is now being reined in. This should be conducted by a co-operative mechanism coordinated through the MDBA to manage a process that reflects this change in community attitudes. This process must be based upon principles of equity and fairness across the whole community of water users whilst satisfying the environmental requirements of the water systems.

The rules for doing this and the associated structural adjustment programs should be more consistent for entitlement holders in both surface and groundwater systems. The Draft Plan should be amended to reflect this.

Sincerely,

Paul Trevethan

For P & JC Trevethan

17/12/10