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A balanced plan for the Murray Darling Basin

A Submission to the Murray Darling Basin Authority from the
National Irrigators' Council

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Purpose of this Submission

This Submission is designed to provide an overview of the key issues that irrigators believe are necessary to deliver a balanced plan for the Murray Darling Basin. In our view, the MDBA's plan can only form *part* of a wider Plan for the Basin – one that involves both State and Commonwealth Governments, delivers on the principles of integrated catchment management and carefully balances environmental, social and economic outcomes.

This paper is not intended to provide comprehensive solutions to all the issues facing the Basin. Simply it is an overview of the key matters we believe need to be addressed.

Executive Summary

The National Irrigators' Council (NIC) is the peak body representing irrigators in Australia. NIC currently has 34 member organisations covering all MDB states, regions and commodities. Our members represent water entitlements of about 7 million megalitres. While this document has been prepared by the NIC, 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.

Irrigators support the development of a Basin Plan and the principle that some water must be returned to the environment to ensure sustainable extraction into the future. We believe that the National Water Initiative (NWI) which was signed off by all Basin States and the Commonwealth Government in 2004, should remain the driver for water reform. That process sought to achieve economically efficient water use and investment that maximises the economic, social and environmental value of Australia's water resources.

It is our view that the current trajectory of reform is too heavily biased towards water as the only management solution, and that the environment takes precedence over people, communities and food and fibre production. Irrigators have been, and remain, committed to genuine reform. However, reform must take a sensible path that does not destroy communities and industries and maintains a viable, productive irrigated agriculture sector in the MDB.

The National Irrigators' Council believes the Sustainable Diversion Limit (consumptive use) needs to be increased. There has been no justification for the massive social and economic dislocation the recovery of 2750 Gl/y of long term cap equivalent water will unleash on communities across the Murray Darling Basin. Nor has there been adequate explanation of how the water recovered for the environment will be used, where it will be used and for what purpose it will be used.

We believe the 2015 review needs teeth to ensure its findings can be acted upon and the Review must take into consideration environmental, social and economic outcomes; localism and until the review has been completed and the Government has proven they need and can deliver the water there should be a reverse onus of proof by limiting the volume of held entitlement that can be recovered.

The NIC believes water recovery targets should be consistent with the triple bottom line approach. The water accounting methodology needs to be changed so that water recovery can include such things as rules changes, works and measures and efficiency projects.

Priority should be given to works and measures and efficiency projects identified under the localism model. In addition water recovery should not just be focused on privately held water entitlement

and must also look at operational efficiency of seventy percent of water flows in the MDB already allocated to the environment.

Any rule and operating changes must see the characteristics and reliability of water entitlements maintained and must have no third party impacts unless agreed to by all stakeholders.

The National Irrigators' Council will continue to work with the Basin States, the MDBA and the Commonwealth Government however we reserve the right to withdraw from the process if our concerns are not addressed and our local social, environmental and economic fabric is placed in jeopardy by the Basin Plan.

Critical Analysis of the Draft Basin Plan and its' implementation

The National Irrigators' Council has members from all Basin States and therefore is in the position of being able to provide a national perspective regarding the Plan. The NIC has found that the Draft Basin Plan in its current form is undeliverable and without changes there is the very real risk of catastrophic environmental, social and economic mistakes being made.

Irrigation communities will bear the brunt of a bad Basin Plan. We are concerned that there is an over reliance by some policy makers on untried and untested models. Local knowledge within the basin is not being fully utilised and local input into key decisions has been ignored.

We are worried a 'bad' basin plan will cost thousands of jobs, put pressure on food prices and threaten family farms and regional communities and will not deliver healthy working rivers. Irrigators want a healthy working river system we rely on it more than most. However we need a balanced plan that considers the needs of people, communities and food and fibre production as well as the environment. The current ideology of "just add water" is not a solution to a complex web of environmental problems in the basin.

The draft Murray-Darling Basin Plan and the Government policies surrounding its' implementation contain a number of flaws which could be fatal to the plan's success if not addressed. These include but are not limited to:

- Lack of justification for the scale of the proposed reduction in the Sustainable Diversion Limit by 2750 GL/y long term cap equivalent.
- Lack of specific environmental watering objectives – particularly at an SDL Unit (catchment) level and the failure to detail when, where, why and how environmental water will be delivered to specific environmental assets.
- Many of the technical assumptions are unproven, and haven't been explained to stakeholder satisfaction during the public consultation stage.
- Grossly inadequate data on the likely socio-economic impacts of the plan.
- No solutions to problems of invasive fish species, riparian vegetation, urban pollution, cold-water pollution etc with too much emphasis on just adding water.
- The 2015 Review of the Plan, Chapter 6 clause 6.07 is too weak and will be ignored unless amended to require that Parliament act on the review's recommendations. The review timeframe should be extended.
- Chapter 11 adds excessively bureaucratic green tape which should be dealt with under existing ACCC trading rules.
- A need for a one stop portal designed to facilitate all Commonwealth Water Reform related reporting requirements.

- The mixed messages about water efficiency versus energy efficiency (carbon footprint) with policies such as the Carbon Tax penalising water efficient infrastructure by artificially increasing the cost of energy whilst condemning the green credentials of gravity fed channel schemes which have no carbon foot-print.
- The physical and policy-based constraints in the Basin system (i.e. through infrastructure, environmental works and measures and rule-changes) which if not rectified will guarantee the Commonwealth Environmental Water Holder is not able to deliver the environmental water to key environmental assets.
- The failure to incorporate 'Localism' and 'adaptive management' into the Plan.
- The mistaken belief draft Basin Plan is a drought proofing plan
- The slow roll out of infrastructure and environmental works and measures and the diversion of infrastructure funding is not good enough especially when compared to the accelerated 'no regrets' water buyback programme.
- The failure of country's largest irrigator, the Commonwealth Environmental Water Holder, which already controls and coordinates over two million megalitres of water entitlements, to have any staff located outside of Canberra in the communities where it is flood irrigating wetlands.
- Ongoing funding issues between the Commonwealth and State bodies tasked with holding and delivering environmental water, long term environment water plans and other functions required by the Water Act 2007

The National Irrigators' Council believes in order to deliver a 'good' Basin Plan:

1. *The MDBA must provide better explanations on how they have modelled and calculated the SDL's.*
2. *The MDBA must devise a sensible and transparent plan for the management of the Water Entitlements held by the Commonwealth Environmental Water Holder*
3. *Recognise the Basin Plan will not Drought-Proof the Murray-Darling Basin*
4. *Must acknowledge all of the constraints to the delivery of environmental water within the Murray-Darling Basin, and must factor in these constraints when modelling the water needed to achieve deliverable environmental outcomes.*
5. *The MDBA must investigate the feasibility of Environmental Works and Measures that improve environmental outcomes without compromising the consumptive pool.*
6. *Will require trade-offs to ensure the needs of the environment are balanced with those of communities and food and fibre producers.*
7. *Successful environmental outcomes will require more inputs than additional water volume alone. There must be commitment to integrated catchment management, clear definition of the environmental outcomes sought and a transparent and realistic environmental watering plan.*
8. *Infrastructure efficiency programs are preferable to buyback and should be prioritised.*
9. *Increased investment in research, development and extension will also help irrigators adjust to a future with less water.*
10. *The Commonwealth must take account of community impacts with its water purchasing program and should aim to leave a legacy of more efficient and viable irrigation districts.*
11. *Works and measures can deliver water more efficiently to the environment and must be pursued to reduce the impact of water recovery on Basin communities.*
12. *There needs to be genuine engagement that takes on board and incorporates the views of all affected communities and actively involves the States as managers of the resource. Local communities must be engaged in the delivery of environmental and economic solutions.*

13. *The Water Act 2007 is fundamentally flawed and amendments need to be passed by Parliament. However we will work with Government to attempt to achieve a balanced Basin Plan.*
14. *Elected and accountable politicians need to make informed judgement calls based on best available environmental, economic and social science and genuine community engagement. Science cannot be the sole arbiter of water sharing decisions.*
15. *Water resource decisions must treat all use of water, including interception, equitably. Irrigators will not accept reductions in their access to water that do not apply to other users.*
16. *Previous efforts to return water to the environment must be accounted for and used to offset any reductions under proposed SDLs.*
17. *The Commonwealth Environmental Water Holder (CEWH) must provide a transparent business plan and operational protocols to provide guidance to the market on its approach to trade.*
18. *The MDBA, CEWH and governments generally must provide clear guidance on their approach to environmental water delivery and the practical and economic implications of increased environmental flow events.*
19. *Monitoring, evaluation and reporting of environmental outcomes and independent audits of plan implementation must be undertaken to instil community confidence in the reform process.*
20. *We support the decision to align all water resource plan starting dates to 2019. Consistent with this decision and Victoria's planning framework, all states should adopt 15 year schedules for water resource plans.*
21. *A plan for the Murray Darling Basin must be developed with consideration of broader issues including Australian population policy, domestic and international food security challenges, manufacturing policy, regional development and carbon policy which will have extensive ramifications for all farmers.*
22. *Governments must provide structural adjustment assistance to communities where necessary.*
23. *The plan must include the past two years of high river flows into its modelling and consequently into the calculation of the SDL's*
24. *Chapter 11 – Water Trading Rule should ideally be excised or failing that rewritten*

1. *The MDBA must provide better explanations on how they have modelled and calculated the SDL's.*

One question which the MDBA has repeatedly failed to answer is how it can calculate a definitive amount of water needed to be recovered, (2750 Gl/y), yet still not know which environmental assets will actually utilise this water?

The draft Basin Plan makes it clear that the largest holder of irrigation water entitlements in the MDB is currently operating under a long-term watering plan that won't be written for at least another 24 months after the commencement of the Basin Plan; or within another timeframe agreed to by the MDBA and a Basin State.

Basin States have been given the responsibility under *Chapter 7—Environmental watering plan; Part 4—Environmental management framework; Division 2—Preparation of long-term watering plans* for developing the long term watering plans for the environmental assets contained within their boundaries. Given the long term environmental watering plans have not yet been written by the Basin States it is difficult to believe that the MDBA can calculate how much water the environment

requires without actually knowing how, when, where or for what purpose the water they are seeking to be recovered will actually be used.

2. The MDBA must devise a sensible and transparent plan for the management of the Water Entitlements held by the Commonwealth Environmental Water Holder

Given the sheer volume of water already recovered for the environment by the State and Federal Governments and held or controlled by the Commonwealth Environmental Water Holder, there is an urgent need for a Basin wide long term environmental watering plan to manage this water.

However, communities are already questioning the ability of the Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC), to physically deliver the Basin Plan. There are legitimate concerns about DSEWPaC being given the power to make life and death decisions over millions of native and introduced animals, insects, plants and water dependent communities across the Murray Darling Basin guilty of nothing more than being on the wrong side of a decision made in Canberra especially during times of drought when water is scarce. Rightly or wrongly, in light of the 'pink batts affair', DSEWPaC, has a terrible reputation for service delivery in many communities.

The current floods highlight the impossible task the Commonwealth Environmental Water Holder has in delivering the volume of water needed to create an artificial flood event to mimic natural events so that environmental water can overflow the river's banks and regularly water a fraction of the 30,000 plus wetlands found throughout the Murray Darling Basin.

The current physical and policy-based constraints in the Basin mean that unless huge sums of money are invested in infrastructure, environmental works and measures, purchasing easements over private land, building, moving or upgrading roads, bridges, railway lines, overpasses, levee banks, shifting towns and rule-changes, the flood events required to water the upper reaches of floodplains will cause or exacerbate flooding to large numbers of homes and private property and damage many wetlands through overwatering.

Through programs like the Living Murray Program, the Commonwealth Government does have some limited experience in delivering large scale environmental watering events. However as the CSIRO 's 'Assessment of the ecological and economic benefits of environmental water in the Murray–Darling Basin' report has found the costs of purchasing and delivering environmental water does not come cheap. The report found that The Living Murray program, which has been running since 2004, has recovered almost 500 GL/y (478 GL/y) at a cost of approximately \$700 million. The aim of The Living Murray program is to ensure that environmental water requirements are met for six iconic sites.

The report states;

*'A further **\$250 million** has been allocated to building infrastructure works at some of the six Icon Sites to improve delivery of the recovered environmental water.'*

Until the Basin States have completed their long term environmental watering plans required by the draft Basin Plan, it is will not be known how many of the 30,000 plus wetlands the Government is planning to water, however it will be considerably more than six. If it has cost the Living Murray Program \$250 million to improve the delivery of recovered environmental water to less than six sites, the cost to taxpayers of delivering water to just the 2442 key environmental sites identified in the Guide to the Basin Plan, will be astronomical. It is unclear how much funding the Government has allocated for new environmental works and measures to deliver environmental water. How

much has been budgeted for maintenance of these works and measures and for monitoring the environmental watering events is still a mystery.

3. Recognise the Basin Plan will not Drought-Proof the Murray-Darling Basin

It has been mentioned a number of times by some Politicians and commentators that the Basin Plan will ensure that the environment and communities in the Murray Darling Basin will become immune from the worst effects of drought if the Basin Plan is adopted. This is incorrect.

There is still a very European view prevailing among Australia's policy makers that if the rivers are not holding a significant amount of water and everything is not green and lush, then our rivers are dying and the connected ecosystems are at tipping point and an irreversible disaster is just around the corner. Whilst that maybe true in many parts of the world, in the Murray Darling Basin, droughts are an unfortunate reality of life; and when it doesn't rain, rivers stop flowing and the animals and plants and the ecosystem which support them shrink and 'die'.

Michael McKernan's book 'Drought – the red marauder' highlights the plight of an environment accustomed to severe droughts. It points out that in the severe droughts of the past, not only did the environment suffer, people perished too.

In his book Mr McKernan states:

“Writing in 1858, Charles Edward Strutt reported being told by '(aboriginals)of the Murrumbidgee' of a great drought about 120 years ago (around 1738). 'It persisted so long, 'that the Murrumbidgee became perfectly dry, which events reduced the (aborigines) to the utmost distress, as there was no water nearer than the Murray. Many ... died, not wishing to risk the journey. Those who reached the Murray found it to be but a chain of water-holes.”

McKernan's book also quotes extensively from the diary of Joseph Jenkins, who migrated to Australia and was based in Maldon, in central Victoria.

In 1881, Jenkins recorded: 'there is not enough grass in the bush for a man to wipe his back parts.' A year later, 'there is not enough feed for a lean goose around here.' In February 1882, Joseph recorded that it was 46 degrees in the shade; he wrote 'no life without water' and 'nothing will be left tomorrow.' In reflecting on whether it was wiser to pray for rain or put in infrastructure Jenkins wrote 'It is wiser to make dams and preserve the waste water'.

In September 2008, the Murray Darling Basin Commission (MDBC) stated that the Murray River was reported to have stopped flowing between Tocumwal and Moama in 1850, and again in 1902 (for six months). In the 1914-1915 drought, flows in the Murray reached very low levels.

The MBDC report states:

“Modelling has also been used to simulate flows in the Murray under natural conditions; in other words, if all dams and weirs did not exist and no water was extracted from the system. This modelling demonstrates that under natural conditions the Murray would have ceased flowing during the more severe droughts, including the current dry period. In the last couple of years, a continuous flow along the length of the Murray has been maintained by drawing upon water stored upstream, particularly in Hume and Dartmouth Reservoirs when other tributary inflows are low.”

In a South Australian Government document titled 'Controlling the River Murray in South Australia' it states;

"The River Murray in its natural state was far different from the river we are now familiar with. During long drought periods, not necessarily in South Australia but in the river's catchment region, the river ceased to flow and became a series of salty water holes."

The simple unavoidable fact is that if we didn't have human intervention in MDB then the Murray River and many of its tributaries would have become dust bowls incapable of supporting life during the last drought. Many more native species both fauna and flora would have perished and whole communities would have had to have been evacuated.

Droughts have always inflicting a terrible toll on Australia ecosystems, and form a very natural part of our ecosystems lifecycles and evolution. To combat droughts, and stop people from perishing, we have evolved highly regulated river systems involving dams, weirs, locks and irrigation schemes to ensure there is water when and where it is needed. This ensures the 2.1 million people who live in the MDB have access to water even during times of climate extremes. Another five million people from Melbourne and Adelaide rely on water piped out of the MDB when their own water catchments are running low. Despite having direct access to seawater for desalinated water, both these cities increased their reliance on water taking water from an already stressed system.

The Water Act 2007 section 86A(1) states that:

"The Basin Plan must be prepared having regard to the fact that...:
(a) critical human water needs are the highest priority water use for communities who are dependent on Basin water resources; and
(b) in particular, to give effect to this priority in the River Murray System, conveyance water will receive first priority from the water available in the system."

Critical human water needs refer to the water requirements for core human consumption and non human consumption that a failure to meet would cause prohibitively high social, economic or national security costs.

In January 2007 advice to the Basin States and Commonwealth Government made the point that over 30 towns in New South Wales, Victoria and South Australia, including Mildura and Bendigo, were considered at risk of running out of water and had no alternative water supplies. Hence the then Murray-Darling Basin Committee (MDBC) recommended to the governments that:

"unless there are very substantial early inflows (into storages in the basin) there will be insufficient water available to allow any allocation at the commencement of the 2007-08 water year for irrigation (not including stock and domestic licenses), the environment or any purpose other than critical domestic supplies."

As a direct result, existing water sharing agreements were suspended and emergency measures were introduced. Since 2007 the only major infrastructure works to increase water security in the MDB were undertaken in the Australian Capital Territory which is building a new dam (interception scheme) twenty times larger than the dam it is replacing, and will transfer up to 100 megalitres of water per day from the Murrumbidgee River through a 12 kilometre underground pipeline to Burra Creek in NSW. The ACT Government official policy is to recognise that during dry times when Canberra's population faces Water Restrictions it is appropriate that environmental flows also be

reduced. Melbourne has built a billion dollar pipeline with the capacity to take water out of the MDB when its' own water supplies fall below 30 percent.

If similar drought conditions were to occur again after 2019, the Basin Plan would also be suspended to ensure that not only the needs of people who live in the MDB, but those of Melbourne and Adelaide are also met. Therefore, the current Murray-Darling Basin Plan cannot be considered a tool that could potentially be used to mitigate the effects of severe drought on the MDB.

No affordable Plan can fully drought proof the Murray Darling Basin. The draft basin plan will not stop the desolate scenes witnessed throughout the Basin during a drought as severe as the drought we have just lived through.

Ironically, the worst drought on record was followed by record breaking rains and flooding which reinforces what a highly variable climate we live in and the difficulty faced by Governments to work out what an 'average' year looks like.

4. Must acknowledge all of the constraints to the delivery of environmental water within the Murray-Darling Basin, and must factor in these constraints when modelling the water needed to achieve deliverable environmental outcomes.

A concern with the modelling used by the MDBA to determine the water required to achieve environmental outcomes is that this modelling has failed to factor in all of the constraints to delivery in the Murray-Darling Basin.

The MDBA has acknowledged there are constraints in the MDB that will limit the deliverability of environmental water, its publication 'River Management – Challenges and Opportunities'¹. Whilst the MDBA has acknowledged some of the constraints there is insufficient funding in place to address all of the systems constraints. These constraints include both physical and policy based barriers to delivering water.

While NIC's acknowledges that some constraints are factored into the modelling, and some constraints can be overcome through minor environmental works and policy changes, we believe this is only the case for a small proportion of the constraints identified. In many cases, to overcome the constraints, large investments in environmental works and measures are required, and in some instances these measures lead to alternative negative impacts on the environment.

The challenge of physical constraints was highlighted in MDBA's own discussion paper which states:

“Modelling of the environmental watering requirements on which the SDL's are based indicates that, in some cases, the environmental objectives that would otherwise apply at particular locations cannot be fully met due to constraints. As a result, not all of the environmental outcomes targeted by the draft Basin Plan can be fully realised under the SDL's currently proposed, and may not be fully achievable even with higher volumes of environmental flows.”

¹ MDBA, *River Management – Challenges and Opportunities*, 25 November 2011, <http://www.mdba.gov.au/files/bp-kid/1870-River-management-discussion-paper.pdf>

“In the absence of works and measures to enable delivery of large flows and the implementation of strategies to manage third-party impacts, as well as the reflection of changes in operating practices, not all environmental outcomes targeted for achievement through the draft Basin Plan can be fully realised.”

“One of the drivers for constraints is the risk of third-party impacts associated with overbank flows and resultant inundation of private land. Clearly it would not be acceptable for private property to be damaged as a result of active intervention without appropriate arrangements to manage that impact.”²

One example of the complexity of these constraints given in the document ‘River Management – Challenges and Opportunities’ relates to the Lowbidgee Floodplain, between Redbank and Balranald:

At current the delivery of environmental flows from the Murrumbidgee to the Murray is limited to 9,000 ML/d, representing channel capacity. This is largely due to significant evaporation and seepage to the floodplain around Chapton’s Cutting, and in the areas around Redbank and Balranald. It has been suggested that Works and regulators to raise the channel from Redbank to Balranald could conceivably increase channel capacity to 12,000 ML/d.

Need for Increased flows past this point:

- To contribute to outcomes at downstream sites, such as the Chowilla floodplain and the Murray Mouth.
- To allow more of the shared reduction for the southern Basin to be delivered from the Murrumbidgee, improving the environmental outcomes achievable downstream in the Murray.

Effects/Constraints of increased flows past the Lowbidgee Floodplain:

- Large flows required would lead to the constant wetting and inundation of local ecosystems beyond that which may be desirable for local environmental needs. Constant watering would lead to water-logging of floodplain which requires a natural wetting and drying regime and other negative outcomes for the local environment.
- To address the point above, and allow for flows of 12,000 ML/d past this point, substantial changes along the Murrumbidgee are required:
 - Works and regulators are needed to raise the channel from Redbank to Balranald.
 - However these works and regulators would disconnect the Murrumbidgee River from its floodplain, reducing lateral connectivity in all but extremely large floods.
 - Hence more regulators would be required to ensure the Lowbidgee floodplain can be watered at appropriate times, while water can be delivered past the Lowbidgee at other times.
 - However, reducing natural spilling onto the floodplain would still impact on the interaction between the biota of the floodplain and river, and would impact on the graziers, private owners of red gum forest and organic farmers in the area, who rely on beneficial overbank flows
 - If these impacts cannot be addressed, this option is not practicable.

² Ibid, p.5

Another example of the lack of reality surrounding the debate on deliverability of environmental water involves the recent flood events in Queensland, New South Wales and Victoria. While these floods have caused extensive damage to communities in upstream locations, they have failed to produce any flood event in the mid and lower reaches of the Murray. The South Australian Government's River Murray Weekly Flow Report evidences this:

"The Bureau of Meteorology advised on 21 March (2012) that flows from the Murray, Murrumbidgee and Darling Rivers are not expected to cause any flooding or access problems to towns along the River Murray. Based on current flow projections, river heights at other forecast locations, such as Swan Hill, Robinvale, Echuca, Euston and Wentworth, are expected to remain below their respective minor flood levels."

The South Australian River Murray Weekly Flow Report dated the 31st March 2012 states 'the peak flow (in SA) is forecast to remain under 65,000 ML/day and is projected to arrive during mid to late April 2012.' It states the inability of these flood events to continue down the river is 'due to large potential losses ... as a result of water flowing across expansive floodplains ...'

The February 2011 floods caused hundreds of millions of dollars of damage and flooded hundreds of homes and properties, in Victoria alone. The flows from these floods peaked at 93,800 ML/day as they flowed across the South Australian border and the MDBA estimates sixty percent of the Chowilla Floodplains were inundated. The February/March 2012 floods damaged hundreds of homes and properties and caused extensive damage to public infrastructure including road and rail infrastructure throughout QLD, NSW and Victoria. Both these floods pale in comparison to the mega floods being demanded by some environmental organisations.

For example a number of environmental organisations are demanding flows of '... up to 125,000 ml/day for a week at least 13 years in a hundred' to water the Chowilla Floodplains in South Australia. They claim they do not want to see peoples' homes flooded, yet without extensive and expensive environmental works and measures such as more regulators, pipes and pumps this is exactly what would happen if these massive of flows were to occur.

The fact that it is impossible for the river operators (or the basin plan) to physically deliver such large flows across the South Australian border without major natural flooding upstream cannot be ignored. The current physical and policy-based constraints in the Basin mean that unless huge sums of money are invested in infrastructure, environmental works and measures, purchasing easements over private land and rule-changes, the flood events required will cause or exacerbate flooding to large numbers of homes and private property and cause extensive damage to upstream wetlands through overwatering.

Hence unless the MDBA proposes realistic and practical solutions to constraints in the MDB, outlines how the projects will be funded and when they will be completed, the draft Basin Plan cannot accurately predict what a realistic SDL would be and whether the environmental water recovered could actually be physically delivered.

5. The MDBA must investigate the feasibility of Environmental Works and Measures that improve environmental outcomes without compromising the consumptive pool.

The National Irrigators' Council has previously identified environmental works and measures (see attached additional submission to the Regional Development Australia Inquiry) and acknowledges that the Murray Darling Basin Ministerial Council meeting communiqué released on 4th November, 2011 noted progress of the \$6million funding package for 17 feasibility studies for environmental works and measures across the MDB.

If environmental objectives can be maximised and achieved by using less water by building new or upgrading existing environmental works and measures, then the SDL should be continuously increased as these works and measures are implemented. This would offset the social and economic damage caused by removing consumptive water from communities and would also allow for the watering of environmental assets.

The National Irrigators' Council is concerned that there have been no environmental works and measures identified in what is collectively known as the 'Lower Lakes' in South Australia. This is despite irrigators on Lake Alexandrina and Lake Albert identifying numerous environmental management and infrastructure issues which, if not addressed, will see the continued degradation of Lake Albert, Alexandrina and the Coorong irrespective of how much water is recovered from upstream users.

We would strongly urge the MDBA and the relevant State and Federal Governments to immediately provide funding for feasibility studies to be undertaken as soon as possible into each of the five projects identified by the Meningie Narrung Lakes Irrigator Association, in what is now widely known as the Five Point Plan.

The Five Point Plan Consists of:

- I. Removing the Narrung Ferry Causeway will return the entrance to the Narrung Narrows to nearer the original state.
- II. Clearing the remnants of the Narrung Bund along with the silt wave that the Bund's construction caused (as promised by the South Australian Government).
- III. dredging the Narrow's (linking Lake Alexandrina to Lake Albert), preferably close to the 1960's bathymetry.
- IV. A connector (channel and/or a pipeline) at the Southern End of Lake Albert to the Coorong
- V. Returning natural flows to the southern end of the Coorong. (SE drains)

6. *Will require trade-offs to ensure the needs of the environment are balanced with those of communities and food and fibre producers.*

Irrigators support the objectives of the *Water Act 2007* to "optimise economic, social and environmental outcomes" from the use of the Basin's water resources. This does not mean, as the Act and draft Basin Plan suggest, that environmental needs should be met first and then social and economic impacts taken into account.

In our view, all three should be treated equally. This will necessarily require trade-offs. Irrigators are prepared to accept reductions in water availability in the productive pool, just as the wider community should accept that we will not be returning the Basin to a pre-development level of health.

This process of treatment must involve the public within local regions. For instance, they need to be able to select preferences from different levels of environmental outcome or the maintenance of particular environmental assets.

In particular we rejected the MDBA's attempt to define optimisation in the "Guide" as:

"...seeking to maximise the benefit to the environment, while minimising the economic and social impacts".³

This did not treat all three outcomes equally. Whilst the MDBA has recognised the 'constraints' in the system, the draft Basin Plan does not deliver a balanced triple bottom line outcome.

We believe it is difficult to judge exactly what is "sustainable" given the high variability of the Basin environment, but we reject the notion that sustainability can only be achieved by returning 2750 GL of long term cap equivalent of water or more to the environment.

7. Successful environmental outcomes will require more inputs than additional water volume alone. There must be commitment to integrated catchment management, clear definition of the environmental outcomes sought and a transparent and realistic environmental watering plan.

A concern of the Act, and indeed the entire Basin reform process, is the focus on water and flow alone as a solution to the environmental problems of the river system.

This is a repudiation of some 30 years of integrated catchment management in this country that has acknowledged that management must extend to matters such as land use, riparian vegetation, thermal pollution, noxious weeds, invasive species and foreign fish species.

Former Productivity Commission commissioner and Wentworth Group member Neil Byron puts it very well:

"While reducing extraction for irrigation might be necessary in many (but not all) of the rivers in the Basin, it is unlikely to be sufficient. The problems are more complex than that. Excessive extraction of water by irrigators is not the sole (and might not even be the greatest) threat to ecosystem health and sustainability in the MDB."⁴

The Sustainable Rivers Audit (SRA) was relied on heavily by the MDBA in developing the Guide and as justification for the need for a Commonwealth to become more fully involved in the management of water resources in the MDB. Overall results of the SRA indicate that only three of the 23 river valleys were assessed as being in "good" or "moderate" ecosystem health and the remaining 20 were rated "poor" or "very poor". However on the hydrology measure, the result is almost exactly reversed: only five valleys were in the "poor to moderate category", while the remaining 18 are rated "moderate to good".

³ Guide to the proposed Basin Plan, Vol 1, pg 107

⁴ Neil Byron, "What can the Murray-Darling Basin Plan Achieve? Will it be enough?", Basin Futures: Water Reform in the Murray Darling Basin.

So the SRA indicates that the problem is not just lack of water, but the only solution currently being proposed is more water. “Just add water” is not a solution to a complex problem.

To have any realistic hope of achieving real and durable improvements in environmental health, the basin needs to be managed holistically, incorporating all the factors that impact on environmental health and managing them in concert with the Commonwealth Environmental Water Holder (CEWH) water assets. The *Water for the Future* program must be implemented in concert with a boosting of investment in the *Caring for our Country* or other land and catchment management programs.

To date Governments are too inclined to focus on the **numbers** in this process and ignore the **outcomes**. The outcomes can be achieved better by holistically managing all factors affecting them, rather than focussing on only one, albeit very important, factor in water.

Native Fish Strategy

An example of work that can be undertaken to improve river health is the Native Fish Strategy. It is five years into a 50 year program and has already shown great signs of success. Importantly, while its focus is on the recovery of native fish stocks, in doing this it delivers a more integrated approach involving removal of weeds and alien fish species, improving fish passage, rehabilitation of riparian zones, re-snagging of river channels and modification of large dams to help mitigate thermal pollution.

An integrated and successful plan for the Basin would include a commitment to ongoing funding of this Strategy.

Any plan for the Basin must also include a clear and transparent environmental watering plan that is targeted to achieve the outcomes sought, is realistic and practical given geographic, hydrologic and community constraints, and has been developed with community input.

8. Infrastructure efficiency programs are preferable to buyback and should be prioritised. Increased investment in research, development and extension will also help irrigators adjust to a future with less water.

Irrigators support the recommendation of the Regional Australia committee that more focus should be placed on delivery of water savings through irrigation infrastructure. We are extremely frustrated at the slow pace of roll-out of infrastructure programs. More efficient infrastructure provides a win-win outcome – water savings are shared with the environment while irrigators are able to produce (at least) the same amount of product with less water – maintaining productivity, jobs and economic activity in local communities and downstream industries. For this reason we reject the notion that infrastructure programs are a subsidy directed only at one section of the community.

9. Increased investment in research, development and extension will also help irrigators adjust to a future with less water.

Recommendation 14 is one of the most important yet largely ignored recommendations from the Regional Development Australia, Parliamentary Inquiry into the Murray–Darling Basin water reforms: “that the Commonwealth Government focus greater investment into research and development to improve irrigation efficiency”.

If we do not substantially increase funding for agriculture research, development and extension services the nation's food security will be severely compromised. We cannot keep doing more with less.

While Recommendation 14 was adopted "in principle" by the government, this in principle support has not stop the Government from previously abolishing Land and Water Australia, or the Irrigation Futures, Cotton and Forestry Cooperative Research Centres.

We are only too aware that science in this country is underfunded and our productivity is declining because of it. We need increased funding for the practical scientific endeavours that will enable us to produce more with less and also to better understand the environment in which we live.

We are however, concerned that the prostitution of scientific opinion in Australia is devaluing science in general and turning some scientists into activists, often resulting in a high degree of mistrust which is unfortunately increasing. The lack of dialogue between farmers and scientists is creating levels of mistrust that will increase unless addressed.

Irrigators are front line environmentalists and food producers. We are not Luddites. We take research and apply it on a daily basis in our operations. Without it we would not be internationally competitive.

Agriculture in Australia is recognised as the best enabler of new technology of any industry in the country. The drought saw farmers embrace a range of new technologies, proving that necessity is the mother of all invention yet, it is also obvious that we need extension services that take the research from the lab to the paddock.

This is particularly true of the "precautionary principle" concept. While it has a role to play, it is being used far too often by some scientists to justify their advocacy. When the precautionary principle is coupled with the old "trust me, I'm a peer-reviewed scientist with heaps of journal articles to my name", facts often become the first casualties. There needs to be greater 'ground truthing' of scientific concepts before they are endorsed as facts.

Increased Research, Development and Extension funding should be a priority for State and Federal Governments.

10. The Commonwealth must take account of community impacts with its water purchasing program and should aim to leave a legacy of more efficient and viable irrigation districts.

Irrigators support the buyback program as a means of "bridging the gap" to new SDLs, but it should be secondary to investment in other water saving projects. The notion that buyback is "cheaper" may be true in the short-term and in a strictly fiscal sense, but longer-term the economic and social costs will be very high.

The Commonwealth needs to understand that the buyback program is not just about returning water to the environment – it should also aid in the adjustment and rationalisation of irrigation districts to leave behind more viable and efficient irrigation systems. The "no regrets" approach to buyback does not achieve this aim.

"Public good" investment in purchasing environmental water when exercised in irrigation districts can destroy the efficiencies built into earlier "public good" investments with the consequences of poor overall resource use and serious inefficiencies in processing and community infrastructure.

This becomes reflected in economic and social disruption far greater than those caused by standard variables (exchange rate, energy prices, commodity price fluctuations).

Currently the buyback and infrastructure programs work in isolation to each other. In order to deliver the dual objectives of more water for the environment and more efficient irrigation systems, there must be better integration of the two programs.

11. Works and measures can deliver water more efficiently to the environment and must be pursued to reduce the impact of water recovery on Basin communities.

Engineering solutions and environmental works and measures are critical to the delivery of a balanced outcome for the Basin. We welcome commitments by Federal and State Ministers to further feasibility work on such projects.

Irrigators are being asked to, and have, become a lot more efficient, and this should apply equally to watering of key environmental sites. For example, with the installation of a weir and some regulators, a 5000 ha section of Lindsay Island on the Murray near the SA border can be watered with 90 gigalitres instead of 1200. There are a lot of projects that can be completed to get the same or similar environmental outcomes with a lot less water.

Irrigators expect all options will be considered including projects that may reduce water losses and/or deliver improved environmental outcomes around the Lower Lakes and Coorong.

Not only are many of these works projects desirable, they are critical to a successful environmental watering regime – given the level of river regulation and human settlement, it is impossible for water managers to deliver large overbank events to some environmental assets. To achieve environmental outcomes will require the use of structural works in many instances.

12. There needs to be genuine engagement that takes on board and incorporates the views of all affected communities and actively involves the States as managers of the resource. Local communities must be engaged in the delivery of environmental and economic solutions.

It is widely accepted that the draft Basin Plan does not adequately reflect the consultation and engagement that has occurred with affected communities.

An acceptable plan for the Basin will be the result of consultation and engagement that genuinely incorporates the views of these affected communities.

The MDBA and the Commonwealth must also consult with and actively involve State Governments who manage the resource and who hold the bulk of scientific and historical data relating to the rivers.

Irrigators and Basin communities will not tolerate an approach that does not consider their concerns, fears and aspirations. They will also reject any approach that appears to be a “box-ticking exercise” by the bureaucracy – governments must recognise the difference between “telling” and “listening”.

The best solutions for delivering environmental and economic outcomes valley by valley will come from those directly affected. Irrigators believe that local communities, supported by technical and financial assistance from governments, are best placed to deliver lasting outcomes.

13. *The Water Act 2007 is fundamentally flawed and amendments need to be passed by Parliament. However we will work with Government to attempt to achieve a balanced Basin Plan.*

NIC has long made known its concerns about the *Water Act 2007*.

In our view, the Act is biased to the needs of the environment given its reliance on the external affairs powers to achieve a head of power under the Constitution. The external affairs powers focus almost exclusively on delivering the needs of the environment in order to meet our international treaty obligations. We do not claim that there is *no* consideration of social and economic impacts, but under the Act they are only considered “subject to” the delivery of the environment’s needs.

We acknowledge assurances from Water Minister Tony Burke and MDBA Chair Craig Knowles that they can deliver a balanced Basin Plan within the confines of the current Act. We hope they can deliver because the worst outcome would be the delivery of a balanced Basin Plan that is ultimately torpedoed in the courts because it is inconsistent with the Act as it currently stands.

14. *Elected and accountable politicians need to make informed judgement calls based on best available environmental, economic and social science and genuine community engagement. Science cannot be the sole arbiter of water sharing decisions.*

The sharing of water resources in the MDB is a highly contentious issue that cannot be solved by science alone. Quality, peer-reviewed science should inform a decision, but it should not be the sole basis for any decision.

How best to maximise this natural resource for the whole community is not a technical question – ultimately it is a political one that must be made by the Parliament, accountable to the people and based on judgement informed by science.

15. *Water resource decisions must treat all use of water, including interception, equitably. Irrigators will not accept reductions in their access to water that do not apply to other users.*

The National Water Initiative set out a process for all jurisdictions to regulate water use by intercepting activities (such as plantation forestry and farm dams). In the main, this agreement has not been implemented. The Guide suggested that 20 per cent of “take” in the MDB is through interception, yet clearly implied that no reduction should be applied to these users.

This is unfair and unacceptable. NIC acknowledges that dealing with interception is a difficult policy challenge but we will not accept irrigators being forced to carry the burden for other users, particularly when that use continues to grow.

At the very least, we expect a plan for the Basin to outline policy proposals for practical measures to account for and licence interception.

16. *Previous efforts to return water to the environment must be accounted for and used to offset any reductions under proposed SDLs.*

Irrigators in the MDB have been participants in water reform for nearly two decades and there would be few who have not lost water in that time, mostly without compensation. Significant policy

reform has seen water returned to the environment through state water resource planning processes, the Living Murray, Water for Rivers and other programs.

We expect all of this water will be accounted for in environmental calculations and available to offset SDLs.

17. The Commonwealth Environmental Water Holder (CEWH) must provide a transparent business plan and operational protocols to provide guidance to the market on its approach to trade.

Irrigators, communities and water market participants need clarity with respect to the likely approach to trading of the Commonwealth Environmental Water Holder. The CEWH is already the largest single owner of water entitlements in the country and will become significantly larger.

Its trading behaviour could have significant impacts on the water market – both positive and negative – and may determine to some degree how great the economic impacts of reform are to Basin communities.

The CEWH must outline its approach to trading before the final Basin Plan is adopted by Parliament.

18. The MDBA, CEWH and governments generally must provide clear guidance on their approach to environmental water delivery and the practical and economic implications of increased environmental flow events.

The CEWH must also engage regional communities to develop and attain ownership of any plans and protocols including its approach to environmental water delivery. Too little attention has been paid so far to the practical aspects of water delivery. Issues like environmental water management in water storages, carry-over use, water discharge timings and consequent flooding need to be discussed with those affected.

19. Monitoring, evaluation and reporting of environmental outcomes and independent audits of plan implementation must be undertaken to instil community confidence in the reform process.

The CEWH, MDBA and all jurisdictions must also commit to regular monitoring, evaluation and reporting of environmental watering outcomes. If communities are to be impacted by water reform they need to at least be able to see that environmental outcomes are being delivered.

20. We support the decision to align all water resource plan starting dates to 2019. Consistent with this decision and Victoria's planning framework, all states should adopt 15 year schedules for water resource plans.

Currently all MDB states other than Victoria maintain a 10-year time schedule for the implementation and review of water resource plans. Given the long-lead times and horizons for capital investment in irrigation and related industries, 15 years is a more appropriate time-scale providing greater certainty for investment and planning.

21. A plan for the Murray Darling Basin must be developed with consideration of broader issues including Australian population policy, domestic and international food security challenges, manufacturing policy, regional development and carbon policy which will have extensive ramifications for all farmers.

Governments must recognise that the Basin does not exist in isolation. A range of factors must be considered in setting policy directions for its future, not the least are domestic and global food challenges, potential impacts on downstream food and fibre processing industries and regional development priorities. In a nation where many of our cities are bursting at the seams, further government-induced depopulation of inland Australia would appear to make little sense.

22. Governments must provide structural adjustment assistance to communities where necessary.

Irrigators recognise that much of the adjustment assistance by way of buyback and infrastructure investment is focussed on their industry.

Irrespective of the broader economic advantages of infrastructure investment, there will likely be flow on effects to local communities, including local government and other businesses. Government should recognise these impacts and provide support where necessary.

23. The plan must include the past two years of high river flows into its modelling and consequently into the calculation of the SDL's

Dr Rhondda Dickson of the Murray-Darling Basin Authority has acknowledged in a letter dated the 20 March 2012, that

“It is true that adding the two extra years of inflows will change the long term average of inflows (by 0.13%)”⁵

The NIC submits that the past two years of high river flows should be included in the modelling of long term average inflows. The NIC also submits that this inclusion should have a direct and corresponding effect on the proposed SDL's, i.e. increase the SDL's by 0.13%. This would mean that the amount of water required to be returned to the environment, being currently 2750GL, could be reduced by as much as 32 gegalitres, equating to large reductions in job losses and increases in production for basin communities.

It is only just that, if the recent record-breaking drought is to be included in the modelling, then the recent period of above-average rainfall should also be factored in.

This is a very sensible proposal that has no negative effects for the environment, yet provides social and economic benefits to the Basin communities, and Australia more generally.

The plan must include the past two years of high river flows into its modelling and consequently into the calculation of the SDL's

24. Chapter 11 – Water Trading Rule should ideally be excised or failing that rewritten

The National Irrigators Council (NIC) is a strong advocate of sensible Water Trade within the Murray-Darling Basin. We believe that a market mechanism is very beneficial in allowing water to move to where it is in most demand, and has allowed flexibility and diversity for irrigators and other market players.

⁵ MDBA, “We weren't wrong on flood data”, 20 March 2012, http://www.mdba.gov.au/media_centre/media_releases/we-were-not-wrong-on-flood-data

However NIC does not support chapter 11 of the Draft Murray-Darling Basin Plan in its current format. If the rules are adopted as they currently stand, they will have significant negative impacts on our members. Our concerns with these rules can be categorised in to 5 main subject areas listed below, with the related recommendations also listed. This section of our submission will further explain these concerns:

1. Accountability of Basin State Agencies

- 1.1 Exclusion of Government Agencies from Liability for Loss/Damage

Relevant Rule: 11.05

Rule 11.05 excludes Basin State Agencies from liability for Loss/damage suffered by any person, as a result of conduct of the Basin State Agencies that contravenes a rule (listed in a table in Rule 11.05) that forms part of the Water Trading Rules.

This is a discriminatory principle that must be removed. The agencies of the Basin State act as regulators, approvers of trades, water market intermediaries, and policy and process developers and implementers. The fact that the Basin State Agencies are so heavily intertwined in the Water Market means that the chances of these Agencies being found liable to a market participant at some stages is high.

This rule may result in a party who suffers loss/damage innocently as a result of the actions of the Basin State Agency, having no remedy for the loss they have suffered. Alternatively the disadvantaged party may choose to pursue a third party, for example an intermediary, to remedy the loss. However if the result is caused by the Basin States Agencies actions, then this path is unlikely to be successful, and will cause significant costs to the party who has already suffered loss due to the actions of the Basin State Agency, as well as the party who is legally pursued. Both this scenario's result in significant injustice for the affected parties, and cannot be allowed to occur. A likely example of this rule having a serious impact on a market participant is if one Basin State Agency refuses to approve an allocation trade because it has not received the appropriate material from another Basin State Agency. In this situation there is no recourse for the person who is impacted by that decision.

Ensuring the Basin State Agencies can be found liable, will not only provide security to Market participants in the case of loss/damage that has already occurred, but will also provide a further layer of protection for market participants, as these agencies will be required to be more cautious regarding the negative impacts their actions will have on these Participants, in order to avoid future legal action.

Recommendation 1.1: the words 'other than an agency of a basin state' be removed from Rule 11.05 of Chapter 11 of the Murray Darling Basin Plan. This will allow Basin State Agencies to be held liable for loss/damage suffered by a market participant as a result of their actions.

- 1.2 Exclusion of Basin State Agencies from Regulation of Service Standards

The Basin State Agencies are only subject to Service Standards, and do not face a penalty for noncompliance with these standards. This is currently leading to inefficient and ineffective processes in Water Trade. For example it takes a significant amount of time for these agencies to process a Water Trade, and trading still occurs in paper form. This can be contrasted against the trading of

stock on the ASX, where a trade will be processed in 3 – 5 days, and can occur electronically. This inefficiency is a burden to market participants.

Recommendation 6.2: Basin State Agencies be subject to penalties for non-compliance with sensible Service Standards

2. Cost of compliance

Relevant Rules: 11.01 2 (b), 11.03, 11.06, 11.27, 11.28, 11.29, 11.30, 11.31, 11.32, 11.33, 11.34, 11.35, and 11.45

2.1 Increased Cost of Compliance

A major concern for NIC members is that many of the rules in Chapter 11 further increase compliance costs for Irrigation Infrastructure Operators, with in-turn are passed on to irrigators, yet provide no benefits in regards to water trading. For example the rules may cause IIO's to engage consultants to evaluate Water Delivery Right transfer requests even if from experience the IIO's know that hydraulically the transfer cannot occur. Another example is the requirement that IIO's provide members with information regarding their water rights. This requirement is not only duplicated in other legislation, but has proved to be a very costly practice in the past.

One of our member IIO has previously completed a study into the increases in the cost of compliance as a result of Water Reform, and found that Water Reform is currently costing there organisation approximately an additional \$400,000 per annum. Compliance with these rules will further add to these costs.

Recommendation 2.1: The MDBA should apply a cost benefit analysis to each rule in chapter 11, and if the cost of compliance is large and the benefit received small, then the rule should be removed from the Murray-Darling Basin Plan.

2.2 Duplication of regulations

The Water Market Rules and the Water Charge (Termination Fee) currently already ensure that customers of IIO's have the right to free and unfettered trade of Water Entitlements, and these legislative instruments are currently working very effectively.

The Chapter 11 rules require that IIO's provide their members with certain information regarding their rights against the IIO. However the Water Market Rules and the Water Charge (Termination Fee) Rules and State Legislation already ensure that these members can determine their Rights. Currently most IIO's have already provided this information to their customers.

Further, the Water Market Rules and the Water Charge (Termination Fee) Rules further provide protection for these members, by allowing them to transform to a private Water Access Entitlement if unhappy with the services provided by the IIO.

Also water rights in an irrigation district are continuously altered due to trading, transformation and termination occurring in that district. So a right identified at one point in time, may have different characteristics soon after. Meaning there is little benefit in providing the information required, unless the member needs that information at that specific point in time. If the MDBA feels the

provision of this information is absolutely necessary, a much more appropriate alternative is that IIO's be required to provide this information only on the request of their member.

Recommendation 2.2(a): Any reference to the provision of information from Irrigation Infrastructure Operators to members regarding their rights against the IIO be removed from the Murray-Darling Basin Plan

Also rule 11.45 requires that the IIO's provide their members with the IIO's rules that govern the trade of Water Rights. However the Water Market Rules and the Water Charge (Termination Fee) Rules provide the process and rules for trade of Irrigation Rights. IIO's generally do not have a separate set of rules. Additionally these legislative instruments already currently require that the rules be provided to members on request.

Also, in regards to any other water trading such as allocation trading, it is difficult to provide water trading rules as they are subject to government rules which change frequently and sometimes without notice. The recent embargo in allocation trade by the VIC, NSW and SA Governments provide testament to this argument. Further any other water trading such as allocation trading is in the best interest of IIO's and their members, therefore these IIO's readily provide assistance to their members in these activities. Hence there is little benefit in requiring IIO's provide these rules to members.

Recommendation 2.2(b): Rule 11.45 be removed from the Murray-Darling Basin Plan

2.3 Need for Central Reporting Agency

Another major concern and frustration for our member organisations (very closely related to the compliance costs and duplication of regulation concerns) is the many different agencies the IIO's are required to report to, and the different forms these reports must take, as a result of the numerous different pieces of Water Reform legislation. IIO's are currently required to report to the ACC, NWI, DSEWPaC, BOM and other agencies just regarding water, and often the information reported is very similar (if not identical).

While currently the MDBA has not officially outlined the reporting framework for the Chapter 11 reporting requirements, a member has noted that the MDBA stated at a consultation session that it will establish a compliance team (separate to the ACCC compliance team) who will be responsible for overseeing the chapter 11 reporting requirements. Hence this will another agency that IIO's are required to report to.

Recommendation 7.3: The MDBA recommend that a single system and form be established for all Water Reform related reporting.

2.4 Regulation of Water Delivery Rights

Relevant Rules: 11.01 2 (b), 11.03, 11.06, Part 2 Division 2 (11.27, 11.28, 11.29, 11.30)

NIC feels that the rules relating to the Trading of Water Delivery Rights should be excluded from the Murray-Darling Basin Plan. The reasons for this are that Delivery Entitlements are not "water", are unique to each delivery system and are not actually required to use water in irrigation systems.

There is no "basin wide market" for delivery entitlements, and the trading of Water Delivery Rights does not affect Water trading in any way. The experience of our Irrigation Infrastructure Operators

to date affirms this statement. The allocation and trading of Water Delivery Rights is a complex issue and not one simply resolved.

Additionally, it should be noted that a business imperative for Irrigation Infrastructure Operators is to maximise water delivered, and consequently they will do everything possible to maximise the efficient and effective use of their system where there is a return on any investment if required. Recommendation 2.4: Any references to 'Water Delivery Rights' be removed from Chapter 11.

3. Exclusion of Domestic Water from Rules

Rule 11.08(2) states that stock and domestic water rights are excluded from the Rule 11.08(a), meaning conditions may be placed on the Stock and Domestic right, relating to its use (trade restrictions). NIC cannot see any logical reason for this discriminating principle. If the owner of a stock and domestic licence wishes to trade that licence they should be free to do so. If it results in a property becoming a dry property then this will be reflected in the property asset value.

Recommendation 3: Rule 11.08(2) be removed from the Murray-Darling Basin Plan

4. Environmental water given precedence:

Rule 11.17(c) states that "restrictions may be necessary because of the need to avoid compromising environmental watering requirements." This effectively gives preference to water for environmental purposes in water trading.

This is a significant change from how restrictions are currently imposed and requires extensive analysis and presentation to the States and industry as to how compromising environmental watering requirements is defined.

The MDBA and SEWPAC have emphatically stated that all water purchases for the environment would retain the same characteristics as purchases made for other purposes. Section 11.17 (c) is in direct contrast to the promises made to our members and their communities. We believe that the promises made should be upheld and respected in this legislation.

Recommendation 4: Rule 11.17(c) be removed from the Murray Darling Basin Plan

Conclusion

The National Irrigators' Council believes that a 'good' basin plan which achieves a balance between social, environmental and economic outcomes can be achieved. However the proposed Basin Plan does not deliver the desired outcome and will need changes if it is to be acceptable to irrigators and the communities we live in.

We have been very frustrated with the process undertaken both by the MDBA and the wider Government. The process since the announcement by the previous Government of a National Plan for Water Security has been drawn-out, opaque, confusing and ultimately damaging for our members and their communities. The nature of the process has breached trust with industry and jeopardised support for reform. The MDBA and the Government have considerable work to do to rebuild any semblance of that trust.

The long legislative process which will culminate with a Basin Plan will not on its own deliver a 'healthy working river system'. With the implementation and delivery of the Basin Plan still to be

finalised it is important that the Government recognise that irrigators have argued consistently for a 'good' Basin Plan grounded in reality. To this end, submissions to just some of the numerous inquiries, Parliamentary Committees and 'consultation' rounds have been attached as appendices.

We have engaged in the process in good faith, however our patience is not unlimited and our communities in the MDB, not political quick fixes or key seats in Adelaide, will come first and will ultimately guide whether we accept the Basin Plan.

Appendices

- ❖ [Submission by the National Irrigators' Council to The Senate References Committee on Legal and Constitutional Affairs - Inquiry into provisions of the Water Act 2007](#)
- ❖ [Submission by the National Irrigators' Council to the House of Representatives Standing Committee on Regional Australia - Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia](#)
- ❖ [Supplementary Submission by the National Irrigators' Council to the House of Representatives Standing Committee on Regional Australia - Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia](#)
- ❖ [Submission by the National Irrigators' Council to the Senate Standing Committee on Rural Affairs and Transport - Inquiry into the management of the Murray-Darling Basin](#)
- ❖ [Submission to the MDBA Sustainable Diversion Limit Issues Paper](#)