



**Murray Darling**

**Basin Plan:**

**Productivity Commission**

**Implementation Review**

**2023**

Victorian Farmers Federation Submission

July 2023

## **Introduction:**

The Victorian Farmers Federation (VFF) welcomes the opportunity to provide comment on the Productivity Commission's 5-year implementation review of the Murray Darling Basin Plan.

The Basin Plan has made significant progress and recovered over 2100GL of water to date. The remaining 650GL is largely part of the Sustainable Diversion Limit Adjustment Mechanism (SDLAM) projects that with the announcement by the Commonwealth for more time, the VFF is hopeful that with greater flexibility the Basin Plan can be completed.

The VFF is concerned regarding efforts to recover the 450GL that is not part of the Basin Plan and was a last minute political deal between the Commonwealth and South Australia that excluded Victoria.

Recent floods across the Basin have many dams at or nearing capacity. It is important to acknowledge the damage these floods caused to rural communities living along the river.

## **Key Issues:**

### **450GL**

The Commonwealth Government ignores the fact the 450GL was never guaranteed. The Plan specified that up to 450 GL would be recovered if there were no negative socio-economic impacts. This still remains the case today and any recovery of the 450GL is subject to the socio-economic test that was developed and agreed unanimously by Basin Ministers in 2018 to implement this Basin Plan requirement.

There is overwhelming evidence from multiple sources that the 450GL cannot be recovered without causing social and economic harm. Based on this empirical evidence it is the VFF's position is that the Basin Plan does not require the 450 GL to be recovered. Furthermore, it is the VFF's position that there must be no further reduction in the amount of water available for food production to avoid cost of living increases locally and food security internationally.

### **Upholding the Social and Economic Test:**

In 2018, the State and Federal Water Ministers agreed to a socio-economic neutrality test that all projects for the 450GL were to be measured against.

The test must remain and apply to all projects put forward towards the 450GL.

### **Flexibility in 605:**

The VFF is pleased by the Commonwealth Government's recent announcement to allow more time for the Sustainable Diversion Limit Adjustment Mechanism (SDLAM) Projects.

However, the VFF is apprehensive about any legislative changes that may be required to amend the 2024 deadline and any other additional changes the Commonwealth may propose.

It is the VFF position that there must be broad consultation with farmers before legislation is amended.

### **Effectively use the Water Recovered so Far:**

The VFF believe there needs to be a greater acknowledgement by the Commonwealth on what water can actually be delivered.

Environmental water deliveries have been challenging and currently cannot be delivered effectively to environmental sites.

There is little acknowledgement of these deliverability issues, and it makes no sense to recover more water when it simply cannot be delivered.

The Commonwealth Environmental Water Holder, Jodi Swirepik in 2020 stated that getting more water for the 450GL was not her priority and noted the environmental gains to date in a Senate Estimates hearing on 23<sup>rd</sup> October 2020 that:

*“Even in the record-breaking drought, environmental flows have provided positive outcomes across the basin. For instance, this year marks 10 years of continuous flows into the Coorong since the breaking of the millennium drought in 2010. This means that the Basin Plan has worked as the recent drought did not result in the same terrible impacts and the risk for the end of the river system”*

The Productivity Commission in 2018 found that:

*“There has been no update to the 2012 modelling to estimate what environmental benefits can be realistically achieved under the revised constraints proposals” (Pg 40)”*

**Recommendation 5.1:** *The MDBA should comprehensively update and publish modelling to confirm, the enhanced environmental outcomes that can be achieved with additional water*

It is now five years on, since these recommendations were made, and they have largely been ignored. The VFF expects that the Productivity Commission will highlight these deliverability problems and investigate the reasons or the lack of action.

It is the VFF position that no more water should be recovered for the environment until such time that the water currently available to the environment is used effectively and the environmental benefits of recovering additional water are demonstrated to be commensurate with the costs.

## **No Water Buybacks:**

The VFF does not support water buybacks. While the recent Commonwealth tender announced for Queensland and New South Wales does not seek to recover water in Victoria. The 10GL on the NSW Murray will ultimately impact Victoria as we operate in a Southern connected system.

If the Commonwealth pays above market price for this water there is nothing stopping those water sellers from re-entering the market and re-purchasing their water. These forms are arbitrage are unacceptable.

Victoria was unfairly targeted in 2008 buybacks and we had more high reliability water targeted than any other state. Over 600 GL of high reliability products were purchased during this time and over 500GL came from Victoria alone.

We know these buyback programs saw stranded irrigation infrastructure assets, which ultimately drives up the costs to the farmers that remain. This has been witnessed in both the Goulburn Murray Irrigation District and Lower Murray Water's pumped irrigation districts around Mildura, Red Cliffs and Merbein.

Goulburn Murray Water is the largest Water Authority in Australia, its water deliveries to irrigators have halved since the introduction of the Basin Plan. Decreasing water deliveries threatens the viability of the water authority.

Frontier Economics' independent review of the "Social and Economic Impacts of the Basin Plan Water Recovery in Victoria" found that a buyback program of 750GL would result in a \$900 million reduction in agricultural output.

Furthermore, Frontier Economics also found that in a repeat of the Millennium Drought, the socio-economic impacts of the Basin Plan will also affect horticultural industries of the Victorian Mallee and surrounding areas — killing 25,000 hectares of high value horticulture because the critical water supplies needed to support these orchards has been transferred to the environment.

## **On-Farm Projects cause damage too:**

The VFF is opposed to farm projects that require farmers to give up water. Farmers are having to adapt to a climate with less water. Commonwealth action to further reduce the consumptive pool makes farmers already difficult task of adjusting to climate change almost impossible.

ABARES argued against water buybacks and on-farm projects in 2020 and found that:

*"buybacks reduce the supply of water available for irrigation so therefore increase allocation prices"*

*“farms participating in on-farm programs increased their water use, on average.....on farm efficiency projects increase allocation prices more than buybacks by \$72 per ML.”*

## **2018 Productivity Commission Recommendations largely ignored:**

The VFF was largely supportive of the Productivity Commission report of 2018, yet many of its key recommendations were ignored and not implemented.

The VFF is significantly concerned that the Productivity Commission may once again produce a solid report but will continue to be ignored. Below is a list of relevant quotes from the 2018 report that have largely been ignored.

*“The 2024 deadline for a number of these projects (particularly the constraints projects) is highly ambitious, if not unrealistic (Pg 19”*

*Therefore the PC recommends that:*

*“Basin Governments should as soon as practicable*

- *Resolve governance and funding issues for supply measures*
- *Develop an integrated plan to deliver projects*
- *Basin Governments open to the possibility of extending the 30<sup>th</sup> June 2024 deadline for 605 projects to ensure worthwhile projects are retained.*
  
- *The MDBA should as soon as practicable devise a strategy for undertaking the reconciliation of 605 projects that accommodates projects to be delivered in realistic timeframes*
  
- *The MDBA should comprehensively update and publish modelling to confirm the enhanced environmental outcomes that can be achieved with additional water recovery*
  
- *DAWRS water recovery strategy should explicitly outline how it will seek to address adverse socio-economic impacts through program design.*
  
- *Pg 292 – “Achieving environmental outcomes requires more than just water.....the provision of environmental flows, while necessary, is not always sufficient to achieve environmental outcomes. A range of non-flow related measures and activities need to be managed, mostly at the local scale to maximise the benefits of environmental water*
  
- *Basin States should manage the risks to achieving the environmental water objectives set out in the long term watering plans by delivering complementary waterway and natural resource management measures.*

A number of recommendations that are now over five years old remain as critical today as they did five years ago.

The VFF expects that the Productivity Commission will explicitly revisit their past recommendations and investigate their continued relevance, the reasons and accountability for inaction and what follow up actions are needed.

### **What needs to change to ensure water recovery targets are met and that supply and efficiency measures are delivered?**

There is much conjecture over what a Basin Plan in full means, the Basin Plan as per Section 6.04 (2) of the Basin Plan Act identifies a 2750GL reduction to the long-term average sustainable diversion limit.

The 450GL was a political deal struck with South Australia in 2012 and is not reference to the long term average sustainable diversion limit, rather its listed in Schedule 5.

Recovering the 450GL can only occur if there are no negative socio-economic impacts and process pass the socio-economic test that was unanimously agreed by all Basin Water Ministers in 2018.

**Division 2—Long-term average sustainable diversion limits**

**6.04 Long-term average sustainable diversion limits**

(1) The long-term average sustainable diversion limits set out in this section take effect on 1 July 2019.

(2) The long-term average sustainable diversion limit for the Basin water resources as a whole is the sum of the long-term average sustainable diversion limits for all SDL resource units.

Note: The Authority estimates the long-term average sustainable diversion limit for all surface water SDL resource units to be 10,873 GL per year. This reflects a reduction of 2,750 GL per year from the Authority's estimate of

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28 *Basin Plan 2012*

The Federal Government continuing to talk about delivering the full 450GL without mentioning the socio-economic impacts test shows a blatant disregard for rural and regional communities and the food they produce.

The Productivity Commission concluded in 2012 that it was a waste of tax payer funds if the 450GL was recovered and constraints not eased.

### **B.4 Notional cost saving of extending the water recovery timeframe**

The Basin Plan allows for the recovery of an extra 450 GL of water to pursue environmental outcomes additional to those that can be achieved by recovering the equivalent of 2750 GL (outlined in Schedule 5 of the Plan). These enhanced environmental outcomes are dependent on progress in easing or removing constraints. As noted in chapter 4, constraints projects are unlikely to be fully operational by 2024 and may not deliver the full range of required constraint easing. **If constraints are not eased, rushing to recover the full 450 GL by 2024 would risk the Australian Government spending money on an asset that potentially cannot be used for some time.**

### **A Pristine Environment is Not Possible:**

The Commonwealth needs to acknowledge that the goal must be to achieve a “healthy working river”, not a pristine environment.

The Living Murray Program of 2002 noted the importance of a healthy working river, it stated that:

*“a healthy working river is one that is managed to provide a sustainable compromise, agreed to by the community, between the condition of the river and the level of human use”.*

Attempting to return the Murray Darling Basin to a pristine environment free of dams, weirs and lochs is simply not possible. We need to refocus our efforts (and language) on achieving a “healthy working river”.

### **Basin Plan’s Response to Climate Change:**

The Basin Plan has not been truly tested as we have not experienced a drought.

The Commonwealth must acknowledge that we all must cope with less water, including the environment.

Under Climate change there must be an acknowledgement that past environmental objectives may not be possible.

The Victorian Government acknowledged this in its 2009 Northern Regional Sustainable Water Strategy stating that it may not be possible to achieve all environmental objectives and that some objectives may have to alter.

*“The difficulty of protecting key environmental values under climate change has become apparent through the development of this Strategy. Existing environmental objectives are based on past climatic conditions; but with reduced water availability, it may not be possible to achieve these objectives, even if all the available water is used for environmental benefit”.*  
(pg 44)

*“As part of an adaptive management approach, [this strategy] identifies a reasoned and transparent process for changing environmental objectives if necessary” (Pg 128<sup>1</sup>)*

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<sup>1</sup> [https://www.water.vic.gov.au/\\_data/assets/pdf\\_file/0018/63270/NRSWS-Full-Document.pdf](https://www.water.vic.gov.au/_data/assets/pdf_file/0018/63270/NRSWS-Full-Document.pdf)

## Community Consultation:

There is a widely held view in the community that Governments have failed to provide clear and decisive direction-setting leadership. Communities are uncertain about who is responsible, and this has made it difficult for them to navigate the institutional landscape for implementing the Plan. Much of the community concern is driven by the way Basin Governments have sought to negotiate and navigate their way through issues. Consultation has been inconsistent and inadequate, and the community has often had little sense that decision makers have listened to their concerns. Governments' approach has regularly lacked transparency and candour.

### Summary of progress

A summary of progress is in table 1.

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OVERVIEW 13

This sentiment remains as equally strong today. Farming communities do not believe there has been adequate consultation on the Basin Plan rather its been a mantra repeated by successive government that they will deliver the plan in full and on time with no regard for the implications.

Effective consultation involves, talking, listening and **responding**. There is no effective consultation when Commonwealth Officials say they are just implementing the Plan and refuse to engage in solving the very real problems involved in implementing the Plan.

It is the VFF position that consultation efforts have been a sham and will continue to be unless there is a real effort by the Commonwealth to resolve the many issues in rural communities. implementation has raised.

### Programs Helping Communities Adjust:

The VFF note that in 2018 the Productivity Commission concluded that

*“there is little evidence to indicate that structural adjustment programs have been effective at supporting communities adjust to the Basin Plan” (Pg 37)*

This position remains true, five years on, there have been no true programs that have assisted rural communities adjust to less water.

### Does the implementation of the Plan reflect a commitment to the best available scientific knowledge?

The Productivity Commission in 2018 concluded that:

*“there has been no update to the 2012 modelling to estimate what environmental benefits can be realistically achieved under the revised constraints proposals (Pg 40)*



*“The MDBA should comprehensively update and publish modelling to confirm, the enhanced environmental outcomes that can be achieved with additional water recovery”*

*“DAWR’s water recovery strategy should explicitly outline how it will seek to address adverse socio-economic impacts through program design”*

No updates to these models have occurred and there has been no comprehensive update from the MDBA or DAWR.

There are too many scientists who are little more than passionate campaigners for the environment, undermining the credibility of the science behind the Plan and the credibility of scientists generally.

It is the VFF position that there needs to be a real genuine effort made to use and act on the best available science rather than political promises.

### **New Ideas:**

Many believe the Basin Plan Act and Water Act are limiting the ability for new ideas. The VFF do not support this.

The VFF believe a number of good projects were developed in 2012 for the Sustainable Diversion Limit Adjustment Mechanism but were not adopted at the time.

Given these projects are not new and still remain relevant today, the VFF believe there is sufficient flexibility to allow these new projects to commence.

### **Sustainable Diversion Limit Adjustment Mechanism Projects**

#### **Improved Regulation of River Murray:**

The Commonwealth were provided with a 70 page Business Case for the “Improved Regulation of the River Murray” project. The basic premise is that the river is being operated better and there are less losses and estimated an offset of 110GL.

It is thought this project would:

- achieve equivalent environmental outcomes with a lower volume of held environmental water
- have no detrimental impacts on reliability of supply to third parties
- will result in enduring environmental benefits
- can be realised in real-world river operations, and thus
- the proposal can contribute to a SDL adjustment.

We believe this project still has merit and could be easily adopted as it is not a new project and does not require legislative change.

#### **Lindsay River Allowance**

As agreed in 1979 the Lindsay River Allowance (LRA) requires Victoria to provide 91.25 GL/year down the Lindsay River in all years regardless of water resource availability in the Murray River. The flow

provides allocations for Lindsay River irrigators, covers transmission losses and dilutes salinity concentrations in the Lindsay River so water is suitable for irrigation use.

Approximately 65 GL/year of this flow continues into SA as unaccounted for flows. This volume is above SA's 1,850 GL/year entitlement flow.

Victoria must set aside the 91.25 GL from its Murray River resources before making allocations to Murray high reliability water shares.

These arrangements are a significant issue for Victoria, particularly in severe droughts as the 91.25 GL/year is debited from Victoria's Murray Resources even though there may be no allocations to Lindsay River irrigators.

Conversely, in extreme droughts SA are permitted to use 13.92 GL more than their 1,154 GL Consumptive Entitlement (Clause 88A of the Murray-Darling Basin Agreement). In these years, when water is scarce and valuable, Victorian resources are effectively supporting consumptive use in SA at the expense of Victorian water users.

This anomaly was recognised in the Millennium Drought (2008-09 and 2009-10) when under special water sharing arrangements the provision of the LRA was delivered in proportion to Murray high reliability water share allocations. This change facilitated the use of LRA resources to support Victorian allocations.

Victoria sought to permanently institute the short-term arrangements into operational rules but was unable to get agreement from SA to do so. They consider the LRA as 'required flow' as critical for meeting environmental watering priorities and objectives in SA, especially those relating to floodplain and flow, water level and water quality in the Coorong, Lower Lakes and Murray Mouth. These matters were never the purpose of the LRA. No progress has been made on this issue since 2013.

#### *Water savings*

Accounting arrangements permit SA to divert dilution flows once they cross into SA, despite the flows:

- being taken from Victoria's share of Murray Resources
- Victoria not being permitted to use water for consumptive purposes because of the Cap on diversions
- the flows being provided to dilute salinity in the Lindsay River and provide for supply of water to Lindsay Point irrigators
- SA specifically refusing to have the flows recognised as part of their entitlement flow.

This project was also discussed in 2017 and is not new and should be further investigated.

#### **Improved fishways:**

One of the greatest impacts to native fish populations and recreational fishing is the impediments (weirs and dams) to native fish reaching their spawning grounds or recolonization of parts of rivers after a natural disaster/fish death event such as a toxic blackwater event or drought with low flows causing native fish to die due to extremely low dissolved oxygen in the water

Weirs and dams have had considerable benefits but come at a cost of fragmenting the river. Fishways (engineered ramps so that fish can pass a weir) were constructed throughout the length of the River Murray and in many of the tributary rivers

The [Sea to Hume fishway](#) Program was undertaken along the Murray from Lake Hume to the sea between 2001-2010. At the time this was one of the world's largest fish passage programs (over 2,200km) that retrofitted fishways to twelve of the fourteen weirs and five barrages for both small and large fish, costing over \$60M at the time

However they were constructed many years ago and based on the existing flow regimes of the river. More recent science and understanding of native fish needs has highlighted that the existing fishways are likely to need significant upgrading. This is recognised by native fish ecologists in NSW and Victoria

Upgrading and ensuring maintenance of the fishways would provide significantly greater outcomes to threatened and recreational native fish in addition to environmental water alone – it is relatively easy to do and doesn't impact landholders or take away from other elements of the environment.