

11th February 2010



**GOULBURN
BROKEN**

CATCHMENT
MANAGEMENT
AUTHORITY

www.gbcma.vic.gov.au

Recovering Water in the Murray Darling Basin
Productivity Commission
Locked Bag 2
Collins Street East
Melbourne Vic 8003

Dear Sir/Madam

Submission to Draft Report – Market Mechanisms for Recovering Water in the Murray Darling Basin

Thank you for the opportunity to provide a submission on the draft report released in December 2009. I would also like to commend you on the public forums held recently to discuss the draft report, the format was very open and frank in what was a refreshing approach to the release of these type of reports.

Several general comments below provide a few concerns with the content of the report and as was raised at the forum by my staff we would also suggest that a context be expanded to clarify the boundaries that were provided for the Commission in researching and writing the report.

In addressing the objective 'to ease irrigators' transition to lower levels of water availability' the report has only considered irrigators as individuals. Apart from individual diversion from rivers, irrigation as an industry depends on collective action to be viable. The report does not consider the various instruments that do currently or could support 'easing irrigators' transition' - an example is the targeting of water buy back to areas that have been identified to transition out of irrigation.

It would appear that the only mechanism that has been considered to ease irrigators transition is a market mechanism to remove water sooner so that the impact of the potential drop in availability when the proposed MDBA Sustainable Diversion Limits (SDLs) are introduced is lessened. Experience with the implementation of natural resource management policy over the last 20 years shows that there is always a need for a package of instruments. These other instruments have not been revealed or discussed in the document.

Of particular concern is that the social, environmental and economic costs have not been considered as part of the analysis and this should be made clear in the introduction, overview or summary document and reflected in the findings/recommendations. The report currently reads as if there are no social, environmental and economic costs, for example where consumptive water provides environmental benefits within a catchment through watering of wetlands.

Head Office:

Shepparton

168 Welsford Street,
PO Box 1752,
Shepparton Vic. 3632
Telephone: (03) 5820 1100
Facsimile: (03) 5831 6254

Tatura

Ferguson Road,
Private Bag 1,
Tatura, Vic. 3616
Telephone: (03) 5833 5222
Facsimile: (03) 5833 5299

Benalla

89 Sydney Road,
PO Box 124,
Benalla, Vic. 3672

Yea

5/10 High Street,
Yea, Vic. 3717
Telephone: (03) 5736 0100
Facsimile: (03) 5797 3199

The report also needs to reflect the considerable uncertainty that exists in the level of the SDLs and water policy generally. Recommendations such as “the 4% cap should be removed immediately” need to be better context as, given the uncertainty, 'black and white' findings and conclusions are difficult to make.

The recommendations regarding governance should consider involvement from regional catchment managers into the planning process as they are the bodies with the local knowledge to ensure appropriate design and implementation, identify and raise unintended impacts and to coordinate the many existing activities at both State and regional levels that need to both support and integrate with the Commonwealth programs.

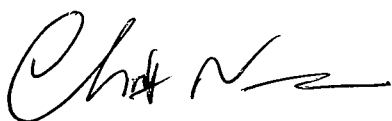
It is also noted that as part of the report the objective to return water to the environment does not consider the environment within the various sub-catchments of the MDB and that needs to be made clear up front of the report to assist with the context and understanding of the report.

The consideration of other market instruments other than just water purchase to allow flexibility is appropriate as experience with managing environmental assets in the Goulburn Broken in particular has shown that water requirements vary from season to season and inefficiencies can occur if this flexibility isn't taken into account.

There appears to be an underlying assumption that to achieve the environmental outcomes, all that is needed is to add more water. This is a very limited perspective and some consideration, or at least statement, around the idea that other actions such as nutrient management or engineering works may provide a greater environmental benefit than simply adding another megalitre of water.

I look forward to the revised report to be produced by the Commission and would welcome any opportunity to continue dialogue in this regard.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Norman', with a stylized flourish at the end.

Chris Norman

CEO

Goulburn Broken Catchment Management Authority