

Australian Government Productivity Commission

Rural Water Use and the Environment: The Role of Market Mechanisms.

Environmental Farmers Network.

The Environmental Farmers Network is dedicated to the development and promotion of policies both on-farm and in rural areas supporting the protection and enhancement of our natural environment.

We have a membership covering Victoria, New South Wales and South Australia.

We intend to confine our comments to the preliminary finding **“Creating new, tradable rights to river capacity may be required to help reduce river heights or reduce unseasonable flooding”**. (Page XXXIV in overview)

We believe the community’s value of the natural environment cannot be compensated by financial offsets alone.

Externalities can not always be appropriately accounted for with taxes.

Infrastructure access entitlement has been recently introduced by Water Authorities to both share and safeguard existing water delivery infrastructure with-in irrigation areas; however our natural carriers are exposed to unlimited access.

Bulk entitlements dictate minimum environmental flows but not maximum flows.

Maximum flows need to be agreed upon by all stakeholders and where required a market mechanism developed for tradable rights to river capacity.

With continued pressure for the further ‘freeing up of water trading’ and the linking of resource catchments, action needs to taken now to avoid unintended damage to our rivers.

We include the following example of adverse impacts of water trading on the Goulburn River; however the Murray and many other rivers are already coming under similar pressure from high summer flows.

The Goulburn River is a declared Heritage River and features in the GBCMA Goulburn Broken River Health Strategy 2005-2015

Lower reaches are described as being in moderate to poor condition in the 2nd Benchmark of Victorian River Condition 2005.

The supply of water entitlements from Eildon and other storages result in a highly altered flow regime.

These flows are affecting river health and water quality

In the Goulburn River, every megalitre transferred downstream that had previously been diverted at the Goulburn Weir for irrigation across Northern Victoria must be delivered through its lower reaches prior to entering the Murray River.

2006 has seen the Goulburn River below the Goulburn Weir at Nagambie consistently flowing at approximately 1 meter above previous summer flow levels. Normal summer flows in the Lower Goulburn are 350 ML/d to 600 ML/d however this summer (2005-06) flows of 1300 ML/d to 2350 ML/d were experienced. This has been a quantum and sudden increase in summer flows.

The reasons for this present situation are Inter Valley Transfers, brought about predominately by water trading and the moving of entitlements downstream. It is expected that water trading downstream will not only continue, but increase in volume.

Immediate effects of this seasons flows

Few sandbars are exposed which have social and environmental implications. High constant flows cause bank instability, erosion and silting, and effect riparian vegetation and stream habitat.

Conclusion

The Goulburn River example will be mirrored to varying degrees in many of the MDBC Rivers and streams.

The environmental and social costs to the community are not being met by those purchasing water entitlements.

An immediate scientific assessment of the effect of high summer flows on rivers and a study of social impacts would appear appropriate and responsible following more than a decade of free trade.

We thank you for this opportunity to comment and look forward to the outcomes of your deliberations.

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