

Wodonga City Council
Submission to the Guide to the Proposed Murray Darling Basin Plan
December 2010

The City of Wodonga is pleased to make a submission to the Senate Standing Committee on Rural Affairs and Transport into the management of the Murray Darling Basin.

The City of Wodonga is the primary centre of the Upper Hume region (including Towong and Indigo Shires) of Victoria which covers a total area of 9,135 square kilometres and with a total regional population of 57,000 people.

Council's primary concerns regarding the Guide relates to:

The Authority's approach to determining sustainable diversion limits

The singular approach towards achieving environmental outcomes without fully considering socio-economic impacts.

Sustainable Diversion Limits

Council understands that the Guide is in response to the Water Act 2007 (Commonwealth) which requires the Murray Darling Basin Plan to include long term average sustainable diversion limits. This means setting limits on the 'environmentally sustainable level of take' for water used for consumptive purposes (drinking water, industry, irrigation).

The Guide proposes reductions in total diversions of 4.5-5GL in the Kiewa valley where the diversions represent only a small proportion (approximately 3%) of the total stream flow generated by this catchment.

As Council understands irrigation diversion from the Kiewa River, there is 19GL of water diversion licences, with an annual average of 10 GL used from this allocation. Therefore the reduction is 40-45%.

It is obvious that no account has been taken of any science of the differences of rivers within the basin and in particular there is no science has been presented to either support or justify such a reduction in the Kiewa River.

There is potential for the regional impact on the Kiewa system to be significant, without a corresponding gain in the environmental flow outcomes for this valley, or for that matter the Murray River.

It is not clear why catchments in relative good health are being required to contribute such a high proportion of the small amount of water currently used by these communities. Agriculture in North East catchments generally achieve higher yields per megalitre compared with downstream users. Hence, diversion of flows in the North East catchments will result in a higher loss in production output per megalitre than less efficient users downstream. It is suggested that the criteria for sharing reductions need to be reviewed. While targets have been set for each catchment to share the total diversion required it is suggested that the Authority consider an approach where a greater outcome could be achieved by larger adjustments in catchments that currently use higher proportion of available water for consumptive uses, thereby delivering greater environmental gains where it delivers the maximum benefits, whilst minimise the negative impacts on the economy of lost production.

The Guide purports to seek environmental outcomes however it does not define as to how

the holder of environmental water will use that water. It is therefore hard to justify whether the percentage of reductions are too high (or too low) or in fact that they will actually achieve environmental outcomes sought (not a clear link between volumes and outcomes have been demonstrated).

The MDBA has stated that modelling used to determine SDLs for the Kiewa valley has produced perverse outcomes. Council would like to understand what the MDBA proposes are the next steps to avoid these perverse outcomes provided by current modelling.

Socio-economic Impacts

The Guide base sustainable diversion limits primarily on the amount of water needed to sustain the environmental water requirements, but fails to address the economic and social impacts of the diversions. It is anticipated that the proposed diversion limits applied to the Kiewa system could have a significant economic impact on irrigators in the Upper Hume region. Council is concerned that excessive water leaving the area will impact on its rate base, lower property values, as well as direct economic activity.

It is further anticipated that the expected economic impact of the diversion limits will also lead to social issues within the region.

The Council welcomes the announcement by the Murray Darling Basin Authority to undertake further comprehensive studies on the social and economic impact of the Guide, due March 2011. It is paramount that the social, economic and environmental considerations for the Basin be adequately addressed before finalisation of the Plan.

The Authority indicated that transition to the new arrangements is indicated to be completed within the period 2019 to 2021 for Victoria. The level of uncertainty resulting from the prolonged completion and implementation of the Murray Darling Basin Plan will have significant socio-economic impacts in the region i.e. limiting new investment in primary production or related agribusiness whilst uncertainty prevails.

In regard to social impacts on communities it is obvious that the policy of indiscriminate purchase of irrigation entitlements has had a detrimental social and economic impact on communities in the Murray Darling Basin. Council is aware of communities in the Goulburn Murray Irrigation District that have had substantial entitlement purchased with no impact assessments being undertaken that have led to the populations in these communities declining which are ultimately leading to unfavourable social outcomes and communities becoming unsustainable economically.

It would appear that the plan will continue the trend of successive federal governments by not considering the social and economic impacts of water policy on rural communities, and lead to the impression that the contribution of basin communities to the national well being of Australia is not valued.

Council believes that the predicted loss of employment and population within the basin communities are grossly understated in the Basin Plan and this needs urgent review and adequate consultation with the same rural communities that will be impacted on by this plan, prior to and adoption by the federal government.

Based on the concerns raised above the proposed reductions in the North East catchments, particularly the Kiewa River can not be supported.

Council is also of the view that the following issues also require further consideration: Equitable sharing tests that are applied to water resource plans could result in a reduction

in the reliability of surface water entitlements, particularly during dry periods when access to water is critical.

The Guide does not adequately consider previous reforms, adjustments and individual basement characteristics. These may include previous reforms at a State Government level which may have impacted some catchments more than others, or reduced an individual catchments ability to absorb further reductions in allocations compared with other catchments.

The Guide has not considered the ratio of extractions for irrigated use versus urban consumption. That is, a stream with a higher proportion of urban consumption (such as Wangaratta in the case of the Ovens River) has a lesser ability to reduce its SDLs without a disproportionately high share of that reduction coming from irrigation use.

The application of the irrigation entitlement buyback programs, in particular consideration of targeted buyback programs as opposed to the existing ad hoc buyback programs which do not take into consideration the social and economic impact on basin communities.

It should be noted that in addition to this submission the City of Wodonga is also party to a submission of councils in the North East Victoria catchments