NAMOI WATER response

to the Guide to the proposed Basin Plan

December 2010

"The Namoi is one of the most studied systems in Australia and it's an insult to be told we'll face further cuts without seeing any science behind it,"

Namoi Water

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INTRODUCTION

Namoi Water is the peak industry group for irrigated agriculture in the Peel, Upper Namoi and Lower Namoi Valleys in the North West of NSW. We are a non-profit, non-political organisation supporting our members to achieve a sustainable irrigation industry that meets the environmental, economic and social needs of our local communities. Namoi Water as the peak water entitlement holder group represents a approximately 1,000 memberships. Entitlement holders within the Catchment vary in size from single employee operations to businesses employing around seventy (70) employees.

The crops grown range from grains and pulses such as sorghum, wheat, soybeans, peanuts, corn, lucerne, vegetables, cotton, water for intensive animal production and a variety of niche market food products. The direct contribution to our economy is $400 million per annum.

We are one of the most experienced valleys in terms of water reform, having entered reform in NSW several years prior to other valleys. The Namoi has pioneered the NSW industry response to water reform and we apply this experience to the current water reform proposals.

This submission is made by Namoi Water in response to the invitation provided by the Senate Standing Committee on Rural Affairs and Transport. The invitation was made by the Committee to interested individuals and organisations to make a submission regarding their Inquiry into the Management of the Murray Darling Basin and the development and implementation of the Basin Plan.

This submission is provided as an overview or first stage summary submission. The management of the Murray Darling Basin warrants in depth discussion and investigation to identify innovative solutions to efficient delivery and application of environmental water, on-farm water use efficiencies and particularly the optimisation of social, economic and environmental aspects. Namoi Water represents those people living within the basin in particular the Namoi that are able to actively identify and implement solutions on-ground that deliver better Natural Resource Management outcomes, water reform and we apply this experience to the current water reform proposals.

Namoi Water looks forward to working with the inquiry committee to address the concerns expressed in this document to achieve full and frank review of the issues impacting on the Basin Plan management, but more importantly those individuals and communities in the Namoi.

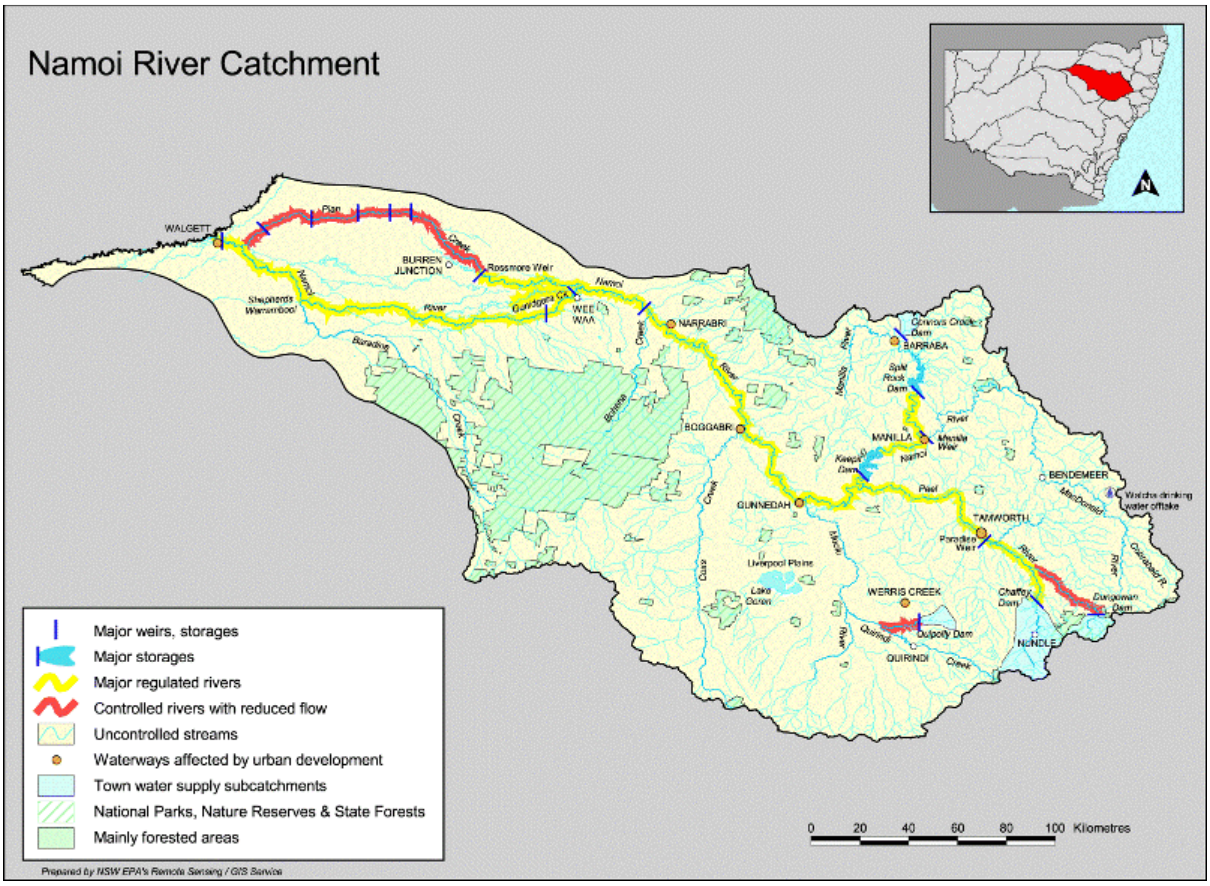
Many of the issues raised in this submission have been documented in submissions and presented to the MDBA over the past 10 years. Yet a number of assumptions that form the basis of the Basin Plan Guide have and continue to be included despite the MDBA being well informed of their erroneous nature. The MDBA Basin Plan guide is a process driven document, to be compliant with the Water Act it is required to be so. However Namoi Water asserts that the document lacks clear process in regard to how feedback will be handled and incorporated into the Basin Plan by the authority. This suggests that the guide itself and the engagement to date is a foregone conclusion and process of ticking the box prior to creating the legislative instrument. Real engagement requires change, compromise and the reaction of regional communities demonstrates that we want to be involved and engaged in genuine effort to respect, manage and use our environment to achieve sustainability for all that live in the basin.

KEY ISSUES

The Namoi region is not foreign to water reform and the people of the Namoi region have played an active and valuable role in contributing to the development of an environmental flow policy, water quality objectives, farm dams policy, floodplain harvesting policy, water sharing plans and the National Water Initiative the over the last 20 years. This involvement has been a critical component in the delivery of successful on-ground implementation of integrated natural resource management.

Namoi Water is a member of the Namoi ROC Water Working Group, it is through our involvement with this group that we are endeavoring to provide a holistic response to the basin plan guide on a technical and whole of catchment response. We endorse the Namoi ROC WWG submission as representative of the Namoi Irrigation community.

NAMOI CATCHMENT MAP



Namoi Waters Key concerns are :

. The **National Water Initiative** (NWI), as agreed by all Basin States in 2004, must remain the driver for national level water reform. It is the NWI that was intended by all States as the platform for reform that provided the guiding principles. Focusing solely on the environmental requirements will not solve the problem, neither will focusing merely on the social and economic impacts. Considering the "trade off" as envisaged by the NWI is an approach that will. We ask the Committee in their inquiry to determine whether the Water Act is in conflict with the National Water Initiative.

. **Balancing** environmental, social and economic outcomes, we understand the need for change to maintain a healthy and productive Basin. However, the Basin Plan needs to find an appropriate balance between environmental, economic and social interests of the Basin. The current Guide to the proposed Basin Plan does not deliver this balance.

.**Transitional arrangements** –the Basin Plan needs to recognise the significant State (Water Sharing Plans) and National Water Initiative reforms which are already in place and allow time for these changes to take effect. Implementation timeframes for the Basin Plan should also allow the opportunity for communities to adjust and the underlying science to be improved. We request that implementation of the Basin Plan not be pushed through in haste unnecessarily.

. **Environmental Watering Plan** - The Water Act 2007 requires the development of an Environmental Watering Plan (the Plan). Namoi Water expresses concern that there has been no policy discussion for the formulation of the Basin Environmental Watering Plan or transparent process for industry and community input into the formulation of a Plan. The lack of an environmental water plan is another key weakness in the guide. Indeed we assert that key environmental assets and subsequent ecosystem function benchmarks MUST be determined with regional input. This has not occurred to date, as identified in the Guide our assets are river gauges, we assert that engagement with local NRM bodies whom already hold a substantial amount of knowledge and information regarding the current state of environmental aspects within the Namoi would provide valuable input.

.**Efficiency** though infrastructure improvements – the MDBA should recognise the capacity for investment in water-related infrastructure, as well as environmental works and measures, to achieve environmental outcomes without necessarily resorting to reducing current diversion limits and affecting rural communities. As the SDLs are based on the watering requirements of key environmental assets, environmental water management and delivery just like irrigation needs to be efficient, there is no detail on how this will be measured and managed within the guide. Namoi Water seeks to ensure that appropriate expertise including local experience is utilized in the development and implementation of an environmental water plan which must, like our irrigators are required to, include Best Management Practices. Clarification is sought as to how the environmental water will be debited ie: when released from dam or at point of delivery to particular downstream asset?

.**Interstate equity** – the Guide indicates that NSW, South Australia and Queensland will be expected to comply with the Basin Plan and its Sustainable Diversion Limits (SDLs) by 2014, whilst Victoria is not expected to comply until 2019, our view is that implementation should be consistent across all basin states.

.Basin State **implementation and costs** – at this time the costs for water users have increased by over 60%, we are now coming to terms with recent IPART determinations which resulted in significant water charge increase (less water =higher costs). The Guide suggests increased responsibilities for States with regard to the development of WRPs (including Strategic and Annual Environmental Water Plans), compliance, enforcement, monitoring and evaluation. This cost must not be pushed onto the only payers in the system the "irrigator" who is already at breaking point due to significant cost increases.

.**Access to modeling** and other information – lack of access to modeling & methodology and other information has prevented anyone with interest in the guide to the basin plan the information to undertake robust analysis of the adequacy and efficacy of the Guide's proposals. A process diagram that clearly outlines the methodology used by the MDBA would provide a useful tool to enable the regional community and the MDBA to move forward towards identifying potential solutions that will work on the ground.

. **Current assumptions** - In this regard it does not allow review of the data used as the basis for current situation in the Namoi to be tested, verified or ground-truthed with local river managers, irrigators, NRM practitioners etc. It is local knowledge that is the key to the basin plan being regionally accepted. It is unclear how the MDBA calculated the environmental water requirements included in the Guide. There are serious questions regarding how they were determined and what were the steps taken and on what basis.

For example: the Guide does not adequately explain the basis or rationale for the proposed SDLs or the environmental watering requirements, nor does it provide transparency to the MDBA's decision making rationale on the proposed range of SDLs; the Guide does not contain a clear explanation of the methodology used to translate National Water Initiative requirements into Basin planning, and in particular to the assessment and management of interception. It is difficult to understand how the figure of 165 GL for interception activities in the Namoi has been arrived at, particularly given the definition ofr interception included in the guide and what is actually on-ground in the Namoi. The Namoi Floodplain harvesting figure is included in watercourse diversions as 14 gig and is acknowledged as a minimal number to run the model whilst the policy is being finalized by NSW Office of Water. We are concerned that Interception water may well have been double counted in the watercourse diversion via the interception figures as the majority of water contained in irrigation dams is from watercourse diversions.

The uniform three per cent reduction in diversion due to climate change adopted in the Guide is not supported by evidence and the MDBA should consider a more targeted approach; and the MDBA should produce data which provides clarity to stakeholders on the quantity of water that has been recovered for the environment to date, and how much remains to be recovered to achieve the proposed SDLs.

We question the MDBA assumption that the 41 GL requirement for out of system in the Namoi will reach the intended environmental target. How the Namoi contributes to downstream targets is not clear and needs to be quantified in terms of shares across the contributing catchments. This needs to be considered in line with the disastrous impacts within the system as a result of the proposed SDLs on the social and economic vulnerability of lower Namoi.

.**Engagement strategy** – a number of criticisms have been leveled at the engagement strategy implemented thus far in releasing the guide to the proposed basin plan into basin communities. Namoi Water commends the MDBA on the documents produced we acknowledge that it is a mammoth task that has been undertaken covering very complex issues. Throughout the document the authors have recognised the weakness in the science and the lack of balance between environmental primacy and consideration of social economic impacts, this appears to be as far as they were taken merely as recognition. The engagement meetings held in regional basin communities were a disgrace to the Australian Government, Mike Taylors resignation is justified as the number of spurious statements made at these sessions showed contempt and disregard for basin communities. There is a distinct lack of trust related to the data accuracy, targets, variability and base assumptions. Namoi Water believes that the MDBA should: resolve the various stakeholder concerns with the methodology used in the Guide; design an engagement strategy for each catchment community which is tailored to meet their individual circumstances.

.**Social And Economic Modeling** – The guide has been critised widely for its lack of socio economic modeling post farm gate and the inadequacies of the information contained within the guide. Namoi Water rejects attempts to provide snapshot reactive studies. Snapshot studies are too limited to accurately model impacts, particularly on a social scale. Namoi Water has supported the development of a community-based model that will be owned by Local Government, Industry Groups and Catchment Managers. This socio economic study is now underway and when complete we will offer a policy position to Government and the MDBA developed from this model.

. On Farm Efficiency Gains- To lessen the impact of further water reform on regional economies on-farm efficiency should be pursued as a first option. Considerable gains have been achieved through private investment in recent years and we expect that considerable gains are available through the expenditure of public funds. On-farm efficiency gains can provide a win-win outcome in that economic activity is able to be preserved while water is able to be applied to identified needs through an Environmental Watering Plan. Unless there is resolution of taxation issues and the review at catchment level in regard to the appropriateness of 50/50 share in water savings under current infrastructure programs these options will not have significant uptake to be effective.

. **Water Buybacks** - Namoi Water will only support water buy backs in the context of a Basin Environmental Watering Plan, a full social and economic impact study and an Efficiency Gains Program taking priority over job-reducing water buy backs.

. **Northern and Southern Basin** – There are a number of differences within the two basin areas, this is acknowledged by the MDBA. The Northern Basin relies on a summer-dominated rainfall, in comparison to a reliance on winter precipitation in the Southern Basin. Rivers in the Northern Basin are ephemeral in nature, unlike the snow-melt systems of the Murray River and many of its tributaries. The river basins in the Northern MDB cover the majority of the land area in the entire MDB, the Darling Basin is twice the size of the Murray Basin but drains a much more arid region. The social and economic role of water in the northern river basins is diverse and distinct from the MDB's southern areas given the variances in the two systems. Mismanagement of ephemeral lakes such as Menindee Lakes through the inappropriate regulation of the Darling River and subsequent evaporation losses (472 gigs per annum) leading to induced critical water supply declarations; we ask that Cap credits for savings be granted to the Northern system.

.**In System Operational Efficiency Gains** - The usage by South Australia of shallow lakes in New South Wales and South Australia as water storage infrastructure is inappropriate. The practice escapes attention only through the evaporation losses in these storages not being attributed to South Australia's or indeed any State's CAP figure. The evaporation losses from the man-made diversions of Murray Darling Basin water into these storages are undeclared MDB diversions totaling an average of 1,620 GL per annum. Engineering solutions to for improved water infrastructure should be a priority over all other programs as these engineering works to SA's poor water infrastructure will create jobs in construction and preserve jobs in NSW and QLD and Victoria. Whilst this is outside the scope of the Basin Plan guide it must be considered if we are to truly engage in Basin wide reform process that provides long term solutions.

.**Critical human need** - this again is completely unexplained as to how the SDL's are implemented and we are concerned about the way the SDL's are presented as a percentage reduction, critical human need water will not be included in buy backs or reductions. Thus the reduction to the irrigator or "working water" will be significantly higher than presented for example in the Namoi the majority of the surface water reductions will most likely come from watercourse diversions in the lower catchment and it is estimated at over 50% reduction in entitlement in this area.

CONCLUSION

The CEWH holds 5 gigs of water buyback from the Namoi and there are currently no irrigation infrastructure efficiency programs running in this catchment funded through SEWPAC. The potential for the real impact of the SDL, is significantly higher in the Namoi than the SDLs presented in the guide. A clear process to allow for engagement and inclusion of local knowledge would add value to the Basin Plan. The Namoi Community must have input into determining what is defined as our key environmental assets. The Namoi is considered a high risk to substantial social and economic impacts. These are real people, real businesses and real communities that will suffer as a result of the current Guide to the Basin Plan if implemented.

Thankyou for the opportunity to provide this submission and consider our concerns. Namoi Water looks forward to positive outcomes from this review and your deliberations.