



ABN 38 597 032 631

**Lachlan Valley Water Inc**

Sustainable, productive and efficient water use in the Lachlan Valley

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**Submission to**

**Productivity Commission**

**Murray Darling Basin Plan: Five year assessment**

April 2018

# **SUBMISSION – MURRAY DARLING BASIN PLAN: FIVE YEAR ASSESSMENT**

## **Introduction**

Lachlan Valley Water (LVW) welcomes this opportunity to make a submission to the Commission's Inquiry into the effectiveness of the implementation of the Basin Plan.

Lachlan Valley Water is the peak valley-based industry organisation representing more than 500 surface water and groundwater users in the Lachlan and Belubula valleys. Our members represent all categories of licences except for those held by environmental water managers. Irrigated agriculture is an important part of the regional economy of the Lachlan Valley, contributing \$222 million per year in the farm gate value of production and over \$480 million per year to the regional economy including flow-on benefits (based on ABS Gross Value of Irrigated Agriculture 2015/16 and ABS multiplier).

This submission is made on behalf of all members, but individual members also reserve the right to make their own submissions.

## **Sustainable Diversion Limits and Adjustments**

*Other novel approaches to recovering water for the environment.*

The focus to date has been on quantifiable volumes of water and the purchase of entitlement. However, the water market also provides opportunities to acquire, instead of permanent entitlement, the right to use water or protect flows at specified times, taking into account that the timing of environmental water demands can often be different from the timing of consumptive use. These approaches could include the purchase of event-based options such as commence-to-pump rights, or conditional agreements with licence holders to purchase water allocation where the right to purchase is graduated and at low allocation levels the allocation remains with the licence holders but as the allocation % increases the proportion available to the environmental water manager increases.

## **Water Recovery**

*Examples of water recovery that have been either well implemented or had major deficiencies*

There were major deficiencies in the "no regrets" water buyback program that the Commonwealth undertook in the early stages of developing the Basin Plan, before SDL reduction targets were determined.

In the Lachlan the Commonwealth purchased 81,000 ML of entitlement between 2008 and 2010. At the same time 1,000 ML was recovered as a result of on-farm irrigation efficiency projects. By 30 June 2010 the Commonwealth had recovered 82,000 ML in the Lachlan, or 92% of its total current holdings of 87,800 ML. This was before the Guide to the Proposed Basin Plan had been published, let alone the Plan itself. The majority (83%) of the total water recovered by the Commonwealth in the Lachlan came out of the Hillston area, with considerable social and economic costs.

Prior to these purchases the Lachlan Water Sharing Plan 2003 had already reserved 75% of the long term average annual flow for the environment<sup>1</sup>, so it is unclear what environmental outcomes the Commonwealth was aiming to achieve with the buyback. The Lachlan is essentially a terminal system that joins the Murrumbidgee River only in a very large flood event, and any over-recovery in the Lachlan will not provide a benefit elsewhere in the Basin due to the lack of physical connectivity.

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<sup>1</sup> Note to section 14 (b) Water Sharing Plan for the Lachlan Regulated River Water Source 2003

The MDBA acknowledges that the SDL reduction target they modelled for the Lachlan was the volume of water that had already been recovered (*p117, Hydrologic modelling to inform the proposed Basin Plan, MDBA 2012*)<sup>2</sup>. It appears that no analysis was undertaken to determine whether the environmental outcomes could be met with less water than had already been recovered, and therefore whether the negative social and economic impacts could be reduced.

Untargeted buyback is not an effective way to achieve a science based outcome.

### **Structural Adjustment Assistance**

*Assistance provided to help communities adjust, and what lessons can be learnt from past programs.*

We question whether the funds available through the MDB Strengthening Basin Communities Program were accurately targeted to those local government areas that were most likely to face social and economic impacts as a result of the water recovery undertaken under the Basin Plan.

\$200 million was initially allocated to the Strengthening Basin Communities Program, with \$20 million for planning projects and \$180 million for water savings projects. By 2011 \$19 million had been committed to planning projects and \$51 million to water savings initiatives<sup>3</sup>. A review of the funded projects indicates that while the local government authorities or regional organisations that received funding were in the Basin, not all were affected by water recovery for the Basin Plan, ie, the structural adjustment assistance was not clearly targeted to areas affected by the Plan.

\$100 million was then transferred to Regional Development Australia, of which \$32 million went to NSW for the Murray Darling Basin Regional Economic Diversification Program. \$28 million was for the Regional Business Investment Program and the remainder for the Energise Enterprise Fund. We were unable to find data on the business investment projects funded but a review of the successful projects under the Energise Enterprise funds indicates that the locations were not always linked to areas that had suffered impacts as a result of buyback.

This is not to suggest that the projects funded were not valid and beneficial, but that if the objective of the program was to assist communities to adjust to the impacts of the Basin Plan, then future structural adjustment programs should be more closely targeted to those areas where there were significant impacts as a result of the implementation of the Basin Plan.

It may also be useful to review the socioeconomic analysis undertaken by the MDBA in the Northern Basin Review and the 2017 Evaluation community profiles for the Southern Basin<sup>4</sup> to help identify what aspects of the community have been most affected by the implementation of the Basin Plan and whether this information would allow more accurate targeting of the type of structural adjustment assistance that should be provided.

### **Water Resource Plans**

*The main risks to Water Resource Plans (WRPs) being finalised and accredited by 2019.*

A central issue with WRPs is that adaptive management is one of the key principles of the Basin Plan but the WRPs are prescriptive regulatory documents, and the MDBA's Position Statements<sup>5</sup> are quite inflexible guidelines that make it difficult to allow adaptive management that takes into account the variation between water sources.

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<sup>2</sup> [https://www.mdba.gov.au/sites/default/files/pubs/Hydrologic\\_Modelling\\_Report.pdf](https://www.mdba.gov.au/sites/default/files/pubs/Hydrologic_Modelling_Report.pdf)

<sup>3</sup> <http://www.agriculture.gov.au/water/mdb/programs/basin-wide/strengthening-basin-communities/>

<sup>4</sup> <https://www.mdba.gov.au/publications/mdba-reports/southern-basin-community-profiles>

<sup>5</sup> <https://www.mdba.gov.au/publications/policies-guidelines/water-resource-plans-what-they-are-how-they-are-developed>

NSW, with 22 WRPs, faces a huge challenge to complete draft plans in time to allow public exhibition and input, and then finalisation in time to be accredited. While we consider that the planning process adopted by NSW is sound, the volume of work to be completed creates a major risk that there simply won't be time to properly consider all the issues that have already been raised in submissions to Status and Issues Papers.

### **Environmental Water Planning**

*How efficient and effective the delivery of environmental water is, and opportunities to better integrate environmental water planning and management*

Collaboration between agencies on delivery of environmental water appears to be good in the Lachlan, however, there is scope for more 'boots on the ground' and staff that actually live in the catchment to liaise more actively with local people, to encourage the use of both public and private infrastructure for more effective delivery, and to undertake monitoring (other than the LTIM program).

The MDBA talks about localism, and environmental water advisory groups in NSW aim to involve local landowners, but LVW considers there is both consultation fatigue and a heavy load on the private individuals who participate in advisory groups, and that more effective ways to consult, plus adequate funding of local input to environmental water management is warranted.

Finally, LVW recommends a shift in focus from volumes of environmental water to outcomes. This requires complementary measures and better integration of land management with water management. The proposed measures include:

- Improvements to fish passage
- Pumps or other infrastructure to improve the delivery of water to environmental sites
- Curtains on storage offtakes to help reduce thermal pollution
- Improved riparian land management
- Carp biocontrol
- Control of feral species that are causing degradation of wetlands where environmental water has been used, and which are also causing stock or other losses for neighbouring landowners, eg, the increase in feral pig numbers in lower Lachlan wetlands.

### **Monitoring and Evaluation**

*How well the current arrangements for monitoring and evaluation support the delivery of the Plan objectives, and how data and information obtained could be made more useful for decision making.*

LVW recommends that one of the requirements of monitoring and evaluation programs should be that they clearly identify the change in conditions as a result of climatic variation, and as far as possible distinguish between the additional environmental outcomes achieved as a result of the use of held environmental water, and the outcomes that occurred as a result of planned environmental water that was already available due to state-based water sharing plans. It is important to quantify the additional environmental benefit occurring as a result of the Basin Plan to be able to evaluate the value of the Plan. This may also help identify where there are more cost-effective options to achieve the environmental outcomes.

It would also be helpful to understand the strengths and weaknesses of the current monitoring methods, so that future monitoring programs can be improved to better contribute to effective environmental water management.