

**INQUIRY INTO CONSTITUTION AMENDMENT (WATER  
ACCOUNTABILITY AND TRANSPARENCY) BILL 2020  
AND THE PROVISIONS OF THE WATER MANAGEMENT  
AMENDMENT (TRANSPARENCY OF WATER RIGHTS)  
BILL 2020 AND THE WATER MANAGEMENT  
AMENDMENT (WATER ALLOCATIONS - DROUGHT  
INFORMATION) BILL 2020**

**Organisation:** Murray Valley Private Diverters (Inc)

**Date Received:** 10 July 2020

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# MURRAY VALLEY PRIVATE DIVERTERS

## SUBMISSION TO

## NSW PARLIAMENT

## WATER ACT AMENDMENT (CONSTITUTIONAL AMENDMENT ACCOUNTABILITY AND TRANSPARENCY BILL 2020)

10<sup>TH</sup> JULY 2020

### **Introduction:**

Murray Valley Private Diverters (MVPD) represents private or collective entity river pumpers in the NSW Murray Valley and its tributaries including the Murray, Edward, Wakool River, Niemur River and creeks systems.

The majority of our members are family farm-based businesses operating mixed irrigation and dryland management systems for livestock and cropping, in the Murray and Edward/Wakool Rivers region in Southern NSW.

Our members are mostly reliant on General Security irrigation entitlements for the irrigation-based components of their businesses.

The highly regulated Murray System in Southern NSW has been subject to a wide range of Federal and State water policies that have increased water security to South Australia, met political outcomes for the environment and created substantial new drought reserves that include increased water security for other irrigators (eg High security/and South Australia)

Murray General Security entitlement holders have also borne the full brunt of State Government water policies in the Northern Basin (Queensland and NSW). Expansion of irrigation including floodplain harvesting, has had major negative river connectivity flow impacts from the Darling to the Murray River.

Under current interpretations of the River Murray Agreement, when Darling River flows are insufficient to reach Menindee Lakes and contribute to South Australia's minimum annual entitlement flow of 1850GL, NSW Murray General Security water entitlement holder are picking up the difference resulting in substantial loss of yield (or reduction in announced annual allocations) on entitlements.

Water policies in the Murray Darling Basin, pre and post Murray Darling Basin Plan, have decimated MVPD members General Security water entitlements reliability.

Decisions reflect State, Federal Government policies or interpretative application of such policies and how they are applied by States regionally.

In 2020, only 32% of Queensland is metering and it is still unclear, what proportion of that figure, is compliant with Nationally Agreed Metering Standards (National Water Initiative 2004)

In 2020, NSW Northern Basin is also still non-compliant with Nationally Agreed Water Metering Standards.

The Federal Water Act 2007 was described to the public as legislation to balance social, economic and environmental factors for water management in the Murray Darling Basin. While the objectives of the Act acknowledge these values, the body of the Act does not.

## DRIVERS OF CHANGE: TWO THEMES

### Theme 1:

In the mid 1990s the Council of Australian Governments (COAG) instigated the early steps that would lead to profound changes for how water in the Murray Darling Basin would be managed and **directions for its agricultural uses.**

COAG and subsequent water policy frameworks, have continued the pathway to achieve outcomes for both the environment and movement of water to 'highest value use' based on pre-conceived concepts.

Timelines and objectives of the National Water Initiative, Living Murray, Water Act 2007 and the Murray Darling Basin Plan, are all consistent with the original COAG objectives. Environmental drivers appear intermeshed with policy to move water **to high value crops.**

- Understanding the links between Government(s) water policies and movement of water to 'high value crops' is essential to enshrine public trust and transparency and;
- To identify to what extent and to what level transparency should occur and which aspects of water ownership should be publicly available

### Theme 2:

The Federal Water Act 2007, cemented South Australia's political strategy to obtain additional water resources from upstream states to address long term environmental changes to the natural systems of the Coorong, Lower Lakes and Murray Mouth (CLLMM). Basin Plan targets mirror SA objectives for the CLLMM. Importantly, long term changes to the CLLMM arose from South Australian Government policies which;

- 1) diverted natural flows away from the Coorong out to the Southern Ocean via the South East of South Australia Drainage Schemes and;
- 2) Converted an estuary into a fresh water lake system via the constructions of 7.6km of concrete barrages in 1939 which blocked the natural tidal prism that maintained the openness of the Murray Mouth.

The decline of public trust and inconsistent application of policy across all geographic regions of the Basin, requires full investigative transparency.

# WATER POLICY TRANSPARENCY

There are public concerns that Federal and State Government water policies appear to have not been uniformly applied across States or regional areas.

The Federal Water Act 2007, Murray Darling Basin Plan, ensures there has been a concentration of physical water recovery for the 'environment' in the Southern Basin. Primarily in the Murray system (NSW/Vic), the Goulburn River (Vic) and the Lower Darling. Social and economic impacts are not confined to a reduction in irrigation entitlements used for regional agriculture. Impacts extend to pricing and supply of Water Markets, stranded assets in irrigation regions and how the Murray River system will be operated in future and associated third - party impacts, including elevated flooding risks.

Agreed National Water Initiative (2004) principles have also not been applied equally. This includes protections or water acquisitions for the environment, National standards for metering and protection of water entitlement holder's property rights.

This has occurred as a result of both Federal and State Government policies and also via decisions of the Murray Darling Basin Authority (MDBA).

The Water Act 2007 and the Murray Darling Basin Plan

- established 2750GL to be recovered for the environment
  - 2289GL of which is to be recovered from the Southern Basin
  - 2000GL of which is for South Australia's Coorong, Lower Lakes and Murray Mouth (CLLMM) over a 3- year rolling average which includes a minimum mandatory requirement annually
- The MDBA's Northern Basin Review enabled:
  - A reduction in water recovery from 390GL to 320GL
  - A reduction in environmental flow requirements to reach Menindee Lakes from 143GL to 41GL

Murray Darling Basin Plan – allows the Sustainable Diversion Limit (SDL) Adjustment Mechanism projects (Southern Basin)

- SDL projects primarily are being applied to NSW Murray and Lower Darling to deliver targets to South Australia prescribed by the Basin Plan
- Basin Plan includes a Southern Basin shared downstream target to South Australia of 971GL – NSW share of this is 458GL but this is primarily being sourced/achieved via policy/project implementation in the NSW Murray and Lower Darling

## **MDBA Regulatory Impact Statement (RIS 2012)**

RIS Described the social and economic impacts of the Basin Plan as 'modest'. Assumptions were based on the following:

- How water was being acquired (buyback or efficiencies programs)
- Southern Basin - Sustainable Diversion Adjustment Mechanism (enabling projects to offset buyback)

The RIS made preliminary and inadequate assessments of risks and **ignored the disproportional impacts in the Basin. The RIS (2012) did not assess the following factors.**

The failure to incorporate Nationally agreed policies and standards in the Northern Basin (Qld/NSW). This means the Southern Basin:

- is incurring full costs of meeting South Australia's minimum entitlement flow of 1850GL
- is incurring full social and economic costs of meeting Basin Plan flow targets to South Australia
- The Basin Plan's requirement that the Southern Basin must recover 2289GL of the 2750GL

Basin Plan decisions mean:

- The majority of the Basin Plan's full social and economic costs of water recovery and new requirements for its physical delivery (eg Constraints strategy/and system operational losses) are primarily being borne by Murray and Lower Darling and Victoria's Goulburn system.
- Murrumbidgee Valley's shared downstream Basin Plan flow targets to South Australia are primarily being met by NSW Murray Valley through the SDL projects.

Sustainable Diversion Adjustment Mechanism projects (SDL) which are being concentrated in the Murray and Lower Darling Valleys

- NSW downstream target of 458GL is almost exclusively being achieved via SDL projects in NSW Murray and Lower Darling. This means NSW Murray is meeting both the Murray and Murrumbidgee valleys' downstream target to South Australia
- How proposed SDL projects will increase river system delivery losses (above capacity) with corresponding reduction in allocations to Murray General Security entitlements

## **WATER ACT /BASIN PLAN/HIGH VALUE CROPS**

Water policy decisions in the formation of the Water Act, Basin Plan, SDL Adjustment Mechanism (Southern Basin) appear consistent with Federal and State Government policies to move Water to '*high value crops*'.

As such, there should be full accountability and transparency for decisions. This should be all encompassing to include politicians, departmental personnel and Government contracted consultants and/or Government appointees to advisory committees.

The role of water speculators and how this is affecting both current and future levels of agriculture production and/or political processes, also needs increased scrutiny.

Full transparency should also apply to Government policy on water trade and transfers. This should also include full transparency relating to Federal and State Government policies on SDL projects, including Constraints relaxation. This is critical to ensure public confidence to identify to what extent, if any, publicly funded benefits may/may not occur in relation to new irrigation developments in the Murray Darling Basin and/or whether associated costs are being incorrectly apportioned.

At present, drivers or principles of 'free market theories' which ultimately are linked to potential for water transfers between regions, may or may not, have parallel outcomes with tax payer funded environmental water transfers.

Full transparency and disclosure of water interests therefore are critical for public confidence in decisions.

## **WATER OWNERSHIP /DISCLOSURE TRANSPARENCY**

The Water Act 2007 is costing Australia in excess of \$13 billion and this does not include agricultural production costs changes, transfer of water ownership internationally, social and economic costs to region disproportionately affected by decisions.

It is incumbent therefore that Governments enable full transparency in water policy matters to avoid process failures, and/or third -party impacts from inequitable application of policy.

The proposed NSW Constitution Amendment (Water Accountability and Transparency) Bill 2020, may not give sufficient transparency that should be required for all parties connected with Government related decisions on water matters.

It is imperative that the bill be extended to encompass all Government related entities and/or consultants involved in water related decisions.

## **GOVERNMENT PROCESSES**

Full disclosure of water ownership/or related interests is critical to re-establish public trust in Government processes.

This should include politicians, Departmental personnel and Government engagement of external contractors.

To evaluate equity in processes and to give confidence for future directions, retrospective disclosure should be pursued.

## **FOR FURTHER BACKGROUND (*SEE ATTACHMENTS*)**

- **SEFTON REVIEW:** Independent assessment of social and economic conditions in the Basin
- **KEELTY REVIEW:** *Inquiry into management of the Murray–Darling Basin*

