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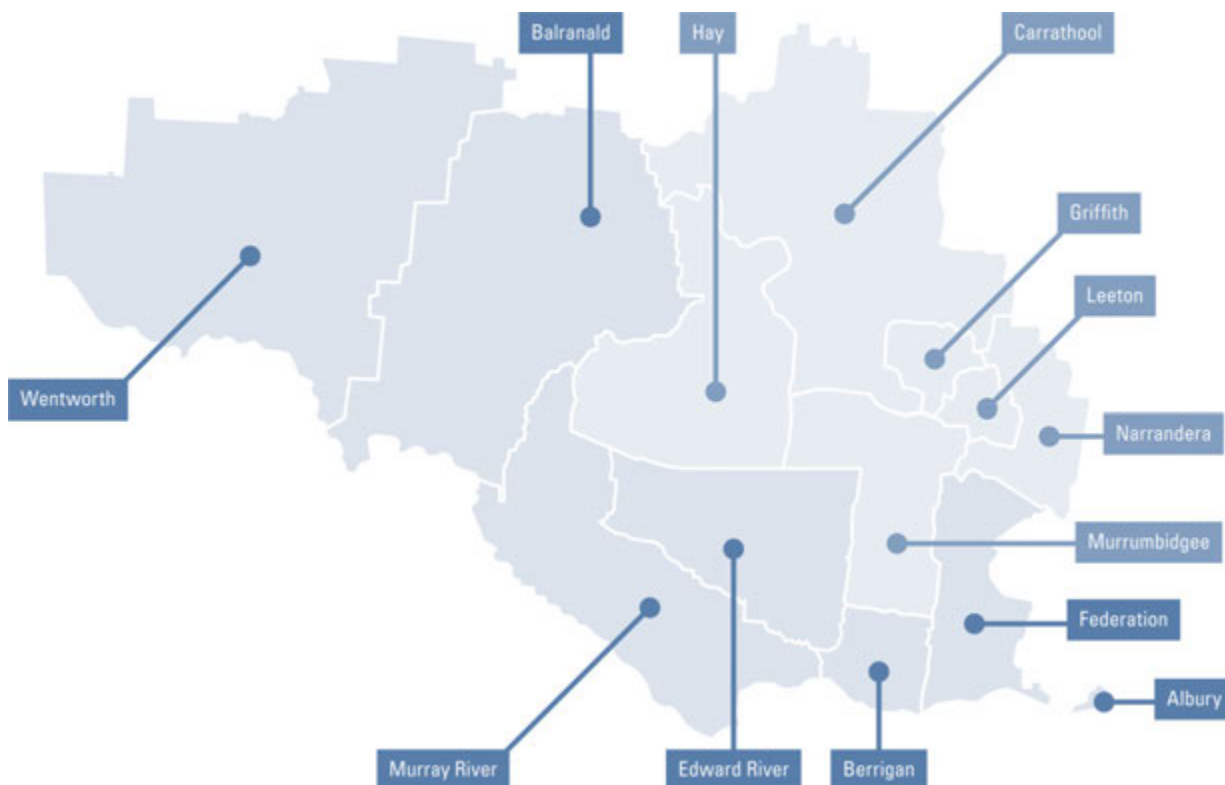
## **SUBMISSION BY RIVERINA AND MURRAY REGIONAL ORGANISATION OF COUNCILS (RAMROC) TO AUSTRALIAN GOVERNMENT PRODUCTIVITY COMMISSION**

### **MURRAY DARLING BASIN PLAN: 5 YEAR ASSESSMENT**

The Secretary,  
Australian Government Productivity Commission,  
GPO Box 1428  
CANBERRA CITY ACT 2601

Dear Secretary,

The Riverina and Murray Regional Organisation of Councils (RAMROC) represents the interests of thirteen member Councils and their communities in south western NSW. A location map of Member Councils is set out below.



In response to the Productivity Commission Issues Paper, the following responses are made.

MEMBER COUNCILS [Albury](#), [Balranald](#), [Berrigan](#), [Carrathool](#), [Edward River](#), [Federation](#), [Griffith](#), [Hay](#), [Leeton](#), [Murray River](#), [Murrumbidgee](#), [Narrandera](#) and [Wentworth](#)

### **Information Request No.1 - The Commission's Assessment Approach**

RAMROC supports the approach being taken as described and as demonstrated in Figure 4

### **Information Request No. 2 – The key elements that are required to implement the Plan**

#### **a. Risks**

The risks that may prevent Basin States from successfully implementing the SDL adjustments are principally political interference, as recently demonstrated by the Commonwealth Senate in February 2018 by disallowing the Basin Plan amendments proposed in the Northern Basin Review.

There is a further Disallowance Motion for consideration by the Senate in May 2018 in relation to the 605 GL package of SDL adjustment measures (36 supply projects). If these measures are also rejected by the Senate, it is likely that some State Governments. Notably NSW and Victoria, may well walk away from the Basin Plan implementation process.

The other risk is in relation to the 450 GL in additional environmental water that was put forward by the former Labor Government at the time of Basin Plan adoption. Again this was very much a political gesture made to add to the 2,750 GL target in the Basin Plan itself. The Ernst Young report released to the Ministerial Council in January 2018 is unconvincing in its justification of these efficiency measures, casting further doubt on agreed implementation.

#### **b. Definition of “neutral or improved socioeconomic outcomes”**

The Basin Plan describes “*neutral or improved socioeconomic outcomes*” as being evidenced by “*voluntary participation in projects to recover water through works to improve water use efficiency*”

This is surely a meaningless and flawed definition to measure socioeconomic impacts.

Such a definition would mean that if the State Governments implement the Constraints Management Strategies, for example increasing the maximum discharge from Hume Dam from 25,000ML/day to 40,000 ML/day, that would theoretically comply with the definition, when in reality an increase in discharge of that magnitude would clearly result in significant social and economic impacts on downstream communities, urban and rural infrastructure and agricultural properties and food / fibre production.

Using this example alone, increased flows from Lake Hume are strongly opposed by the Murray River Action Group and other downstream communities.

The addition of a further 450GL in environmental water will surely add to the very adverse impacts that have already occurred in irrigated food production communities, with a multiplier impact on processing, warehousing and transport industries and prosperity of local businesses.

In summary, a different and clear definition needs to be developed, one that is specifically relevant to the actual social and economic impacts that would be experienced. The words

*“voluntary participation in projects”* is certainly not a measure of determination of whether or not there has been a neutral or improved social or economic impact.

c. Other novel approaches to recovering water for the environment

RAMROC Councils have consistently argued that better harnessing and management of the nation's water resources is achievable, in order to supplement water availability throughout the Murray Darling Basin. The time has come, and is in fact well overdue, for water solutions to be implemented, either by Governments or by private enterprise, because water is the lifeblood and major economic driver for our nation's agriculture, tourism, industrial and business prosperity, employment opportunities and sustainability of regional and rural communities.

RAMROC's submissions to various Federal and State Government Inquiries over the past six or more years have made the following points:-

1. In northern Australia, 500,000 gigalitres (GL) of annual rainfall is largely unused and flows into the sea. Only an average of around 22,000 GL actually flows into the Murray Darling Basin, of which only some 50% is then used for irrigated agriculture;
2. Over a hundred years ago, our political leaders had the foresight that in order for Australia to grow and prosper west of the Great Dividing Range, that effective water conservation was essential. Before that time, history clearly shows that the inland rivers often ran dry and were sometimes no more than a series of salty and muddy pools of water;
3. The commencement of Burrinjuck Dam in 1907 began an era of nation building water conservation projects and irrigated agriculture. Since then, construction of storages such as Blowering, Wyangala, Hume, Dartmouth and of course the Snowy Mountains Hydro Electric Scheme have provided the nation with magnificent benefits in terms of:-
  - Production of food, fibre and wine and associated industries
  - Electricity generation
  - Regular and well managed environmental flows and asset protection
  - Healthy rivers and sound ecological systems
  - Reliability of water availability for urban and rural water supplies, industries, recreation, tourism
  - Security of water for the urban and agricultural needs of South Australia and Adelaide's urban supply
  - Flood management and drought relief strategies as required
4. These benefits and advantages have diminished over the past 35 to 40 years. The construction of additional water storages has come to a virtual halt, mostly due to unfounded and often extremist environmental representations, coupled with a lack of political strength and nation building leadership;
5. The Murray Darling Basin Plan provides for the removal of up to 3,200 GL of water from irrigated food and fibre production for use as increased environmental watering. This is addition to some 900 GL previously set aside under various Water Resource Plans and programs such as The Living Murray.

6. The time has come for water infrastructure solutions to be found – Australia can no longer afford to continue to stagnate – water is the key to the nation’s future and the current situation of the Murray Darling Basin Plan must now be the catalyst for far greater harnessing and storage of precious water resources, be that by way of new water storages and/or diversion schemes from northern Australia, and /or coastal river systems, and by innovation, technology, research and development and the ongoing development of effective river and irrigation management systems;
7. From any national interest point of view, these are matters that simply can no longer be ignored by the Commonwealth and State Governments. It is unacceptable for Governments to keep relying on the customary excuses that major projects are “too expensive or don’t meet the required cost benefit requirements”, or that they are “environmentally unacceptable”. This is an unfortunate attitude that unless overturned will see Australia continue to fall far behind the rest of the world.
8. RAMROC is aware that there are realistic project proposals which have been raised with both Federal and State Governments, which potentially can effectively and efficiently divert surplus water resources from the northern states and/or from coastal regions in New South Wales.
9. Water storage and diversion projects have the potential and capacity to substantially contribute towards the environmental and healthy river requirements of the MDB system, as well as maintaining sufficient water resources for urban requirements and for growth in food production and associated processing and transport industries.
10. Real solutions require innovation and vision and the development of nation building projects. Australia is fast becoming a net importer of food, our food exports are diminishing and inferior but cheap food imports are increasing at a horrendous rate.

Potential projects that would divert surplus flows from northern Queensland and / or NSW coastal rivers into the Murray Darling Basin system have been mooted for many years and are again being re-visited and mooted as realistic water and power projects that could be privately funded and which would provide substantial financial returns to State Governments. For example, these projects include:-

1. Sourcing surplus flows from the Burdekin Falls Dam south of Townsville and diverting the flows by pipeline and rivers into the Darling River system – potential to source some 600 GL per year
2. Sourcing surplus flows from the Wivenhoe Dam west of Brisbane by rivers into the Darling River system – potential to source 500-600 GL per year
3. A Clarence River / Copeton Dam Scheme has potential to source surplus flows of some 200 GL per year for irrigation in the Clarence Valley and up to a further 1,000 GL per year westward into the Darling and Murray River systems
4. Sourcing surplus flows from the Shoalhaven River’s Tallowa Dam by pipeline to the Murrumbidgee Valley and potentially also to the west – potential to source 200-300 GL per year.
5. Associated with these diversion schemes would be the potential for aquifer storage and recharge, as well as the potential for development of renewable energy sources such as solar power to reduce pumping costs.

Other sensible ways to review the management arrangements are at the southern end of the system, for example mechanisms to reduce the average of 900 to 1000 GL of water that evaporates annually in the Lower Lakes.

A feasible and significant project has been proposed by Ken Jury, Senior Investigative Journalist Marine and Aquatic ecology from Goolwa in South Australia. Ken's proposal titled ***"A Better Way – for the Murray Darling Basin"*** provides a series of processes necessary to enhance Basin growers' water availability, to protect Adelaide's river water supplies, to return the Lower Lakes back to estuarine and to revitalise one of Australia's largest estuarine fisheries.

The Ken Jury proposal principally provides for one additional River Lock "Zero" between Wellington and Tailem Bend in South Australia, in addition to a package of other measures to improve and manage the Barrages. The project has potential to make available some 2,000 GL per year of water for upstream production and for better environmental outcomes.

Unfortunately, endeavours to have MDBA or the Federal and South Australian Governments and their bureaucrats study this proposal have met with total lack of interest and inaction. Again, political interests have proved to be a stonewall barrier to innovation and enterprise.

### **Information Request No.3 – Actions that Governments should take to achieve SDLs in the Northern Basin**

This will require the Commonwealth Government to establish a mechanism to re-introduce the Northern Basin Review legislation into Parliament, with both major political parties taking a bi-partisan approach, bearing in mind the extreme consequences of the Basin Plan implementation not proceeding.

### **Information Request No.4 - Constraints Management**

There has been very slow progress on the Constraints Management Strategy work and an unacceptable lack of community and Council consultation in relation to the strategies and projects under consideration.

The Australian Government's proposed allocation of \$200 million appears to be totally inadequate, bearing in mind the extent of infrastructure works that would be involved.

Comment has already been made in this submission regarding the additional 450 GL of "upwater" proposed to be sourced through CMS works and the adverse socioeconomic impacts that would be encountered by the removal of more water from productive purposes and diverted to the environment.

One issue that comes to mind is whether the Commonwealth Environmental Water Holder (CEWH) actually requires the amount of environmental water entitlements that the Basin Plan proposes (2,750 GL target plus a potential further 450 GL upwater), and whether in practice

the environmental needs do require that quantum of water, and additionally whether there is the system capacity to physically deliver that amount of environmental water at any rate.

In this regard, as at 31<sup>st</sup> December 2017, the CEWO reports that progress toward the 2019 surface water recovery target of 2,750 GL, some 2,106 GL has to date been recovered, made up as follows:-

- Water purchased by tender - 1,227 GL
- Infrastructure projects - 703 GL
- State projects - 162 GL
- Other sources - 15 GL

As at 28<sup>th</sup> February 2018, the total Commonwealth environmental water holdings stand at 2,672 GL of registered entitlements, with a long term average annual yield of 1,836 GL.

However, Commonwealth Environmental Water Availability and Use statistics indicate the following environmental water annual delivery totals since 2009-2010:-

Year	Carryover (GL)	Allocation (GL)	Total Quantity available (GL)	Quantity actually delivered (GL)
2009-2010	Nil	187	187	154 (82%)
2010-2011	34	690	724	387 (53%)
2011-2012	331	979	1310	680 (52%)
2012-2013	565	1112	1677	1272 (76%)
2013-2014	394	1056	1450	982 (68%)
2014-2015	450	1021	1471	1014 (69%)
2015-2016	444	1007	1451	1049 (72%)
2016-2017	361	1721	2082	1453 (70%)
2017-2018	612	1148	1760	1012 (57%) (to 28 Feb 2018)

Other relevant factors could be that in drought / dry years and low dam storage levels, the amount of available carryover water and annual allocation would likely be less than average, whilst in wet years with higher than average storage and natural river levels, there may not be the demand or channel capacity for large quantities of environmental water to be delivered.

#### **Information Request No. 5 – Recovery of Water for the Environment**

As previously mentioned, the greatest risk to “bridge the gap” to meet SDLs by 1 July 2019 is the Senate’s disallowance of the 70 GL Northern Basin review and the prospect that the Senate may similarly disallow the 650 GL package of supply measures.

However, having regard to the fact that actual environmental water deliveries to date have been significantly short of total water availability (as per chart above), there is a question as to whether there needs to be any further water recovery measures taken at this point of time.

## **Information Request No. 6 – Structural Adjustment Assistance**

In the RAMROC region, the structural adjustment assistance programs which have been provided are as follows:-

### **1. Commonwealth's Strengthening Basin Communities Program – in anticipation of Basin plan impacts)**

**Round 1 Planning Projects** - announced November 2009 – a total of \$3 million provided to four groups of RAMROC Councils, viz:-

- Planning for Balance: water for food, people and the environment –  
Albury City Council the lead proponent \$ 800,000
- Strengthening Central Murray Irrigation Communities -  
Berrigan Shire Council the lead proponent \$ 800,000
- Meeting the challenges of a future with less water in  
Lower Murray / Darling communities - Wentworth Shire lead proponent \$ 600,000
- Strengthening Riverina Irrigation Communities -  
Griffith City Council the lead proponent \$ 800,000
- In addition, Murray Shire Council received \$53,600 for planning work associated with the Moama Stormwater Harvesting & Reuse Scheme

### **Round 1 Construction projects** – announced March 2010

- Wakool Shire Council – Murray Downs raw water reuse scheme \$ 400,000
- Griffith City Council – Griffith and villages water savings projects \$ 659,860
- Narrandera Shire Council – Narrandera sewer reuse scheme \$ 905,299

### **Round 2 Planning Projects** – announced November 2010

- Hay Shire – Tackling Climate Change and Water Security \$ 123,000
- Wakool Shire Council – Transformation for Resilient Landscapes, Livelihoods and Communities in the Wakool Shire \$ 200,000
- Albury City Council – securing alternative water supplies for recreation reserves and other activities \$ 80,000

### **Round 2 Construction Projects** – announced February 2011

- Murray Shire Council – Moama Stormwater Harvesting & Reuse Scheme \$ 260,500
- Wentworth Shire Council – Wentworth Water Reuse Project \$ 453,500
- Corowa Shire Council – Corowa Township Effluent Reuse \$ 326,617
- Narrandera Shire Council – Augment Narrandera Effluent Reuse System \$1,305,228
- Albury City Council – Implementation of Warm Season Grasses on Community Playing Surfaces \$ 414,908

## **2. The Murray Darling Regional Economic Diversification Program (\$73 million)**

Of the total Commonwealth allocation of \$73 million, the NSW share was \$32.6 million and was administered through the NSW Department of Regional Development, as follows:-

**Round 1 Projects** - \$18.4 million – announced in May 2016 by the Federal and NSW Regional Development Ministers in the following LGAs:-

- Albury - Frauenfelder Gates - 9 jobs created
- Berrigan - McCormacks Cabinets – 5 jobs created  
MON Natural Foods – up to 9 jobs created  
Tocumwal Pumps – at least 3 jobs created
- Coolamon - The Coolamon Cheese Factory – up to 16 new jobs created
- Corowa - Corowa Distilling – more than 25 jobs created
- Deniliquin - Charlie Carp fertiliser products - 5 new jobs created
- Griffith - Compost Carbon Fertiliser – up to 15 new jobs created  
- MC Croker export grain storage – up to 11 jobs created  
- Fresh Techniques – up to 16 new jobs created  
- Riverina Aquaculture Murray Cod production – up to 52 new jobs
- Greater Hume - at Walla Walla township - Kotzur Manufacturers and St Paul's Secondary College – business grade high speed NBN internet services
- Leeton - Pyrocal bio char processing - 8 new jobs created
- Murray - Rabar Animal Nutrition - 2 new jobs created  
- Newtelec Poly - up to 11 new jobs created  
- Byford Equipment - new high technology equipment – 48 jobs
- Murrumbidgee and Carrathool – cotton gin energy infrastructure - up to 23 jobs created
- Narrandera - Agri Australia hazelnut cracking plant at Santiago- up to 27 new jobs  
- Pro Ten - new chicken sheds – up to 14 new jobs
- Tumut - Batlow Fruit Co-operative – supporting local apple industry diversity
- Wakool - NSW Forestry Corporation – timber industry modelling at  
- Chetwynd Park – packing and dispatch facilities – up to 26 new jobs



**Round 2 Projects** – the remaining \$14.1 million was announced in November 2015 - in two streams as follows:-

- NSW Energise Enterprise Fund of \$4.1 million – for which \$2.4 million was allocated in 2016 to Councils and not for profit organisations for 101 community projects. The EE Fund then closed in July 2016, with a further 41 projects being announced
- NSW Regional Business Investment Fund - \$10 million – has been allocated for projects as follows:-
  - Oil Seeds Australia - at Hillston
  - Walnuts Australia - at Leeton
  - Lanteri Farms - at Leeton
  - McWilliams Wines - at Hanwood
  - Coleambally Saltbush - at Coleambally
  - Yarrawonga Housing - at Mulwala
  - Wumbulgal Intermodal - at Wumbulgal
  - Bidgee Riverside Cultural Trail - at Hay
  - A range of other projects in the north of the MD Basin

RAMROC is not able to provide evidence that these projects have actually contributed to meeting the outcomes of the Basin Plan, although they have no doubt been of significant benefit to Councils and their communities.

### **Information Request No. 7 – Water Resource Plans**

Separately attached to this submission is the NSW Water Resource Planning program tasks and timetable project update, as at 13<sup>th</sup> April 2018.

This summary chart indicates that the Water Resource planning for the NSW Murray and Lower Darling system and the Murrumbidgee system are all on track for completion by the due date of 1<sup>st</sup> July 2019.

The potential risks to the completion schedule could comprise:-

1. Loss of officer level expertise and resources in the NSW Department of Water;
2. Amendments to the draft WRPs, arising out of the public consultation processes;
3. Undue delays in the accreditation processes at MDBA level.

### **Information Request No.8 - Environmental Water Planning and Management**

The only comment on these aspects is in relation to co-ordination of delivery of environmental water and the need for improved consultation with communities.

For example, tourism is a critical driver of strong economic investment in the Murray and Murrumbidgee regions. Water recreation activities along the river systems are a major drawcard to attract tourists from capital cities and regional centres, particularly in peak periods such as Easter and Christmas / New Year, or in school holidays and other long weekends.

In past years, there have sometimes been problems of very low levels during the Easter period, particularly when Easter falls late and when this also coincides with a drop off in irrigation water requirements or unseasonably wet weather conditions that reduces agricultural water demand..

RAMROC has made strong representations in the past to MDBA and CEWO to endeavour to arrange for environmental flows to be delivered during the Easter periods. At first, there was total resistance to such representations, although there seems to be at least some recognition in recent times of the social and economic importance of maintaining reasonable water levels during those peak tourism times.

There appears to be no reason why MDBA and CEWO are not able to foresee these potential issues well in advance and actively engage with Councils and communities to develop contingency measures that will promote tourism attraction to the regions and ensure ongoing sustainability of local tourism operators and associated businesses.

#### **Information Request No. 9 – Water Quality and Salinity Management**

No specific comment on these issues, except to convey a community perception and concern about the prevalence of blackwater events and regular blue green algae incidents along the river systems which have occurred recently, in spite of generally high storage levels and river flows.

#### **Information Request No. 10 – Water Trading Rules**

Following the commencement of the Basin Plan and the consequent reduction in water availability for agricultural purposes, there has been strong concern regarding the high cost of farmers acquiring temporary water to maintain production levels.

Recent independent studies in the Goulburn Murray Irrigation District (GMID) and the NSW Murray Irrigation area has clearly demonstrated that taking 20% out of the consumptive pool has had a substantial impact of temporary water prices. For example, GMID irrigators are now paying \$20 million per year more for temporary water than prior to the Basin Plan impacts.

In the NSW Central Murray Valley region around Deniliquin, average temporary water prices have almost doubled (from \$130/ML to some \$200ML). An outcome of these increased prices is that the number of years when rice-growers will sell their water allocation, rather than take the risks associated with growing, has increased from 7 years out of 20 previously, to now more than 10 years out of 20.

The trade of Commonwealth environment water holdings is governed by Section 106 of the Water Act 2007, which requires the CEWH to manage environmental water for “the purpose of protecting and restoring the environmental assets of the Murray Darling Basin”. The Act sets out when and how the CEWH can trade water and how the proceeds of a sale are to be used.

It would certainly be worthwhile for the Commonwealth to consider appropriate amendments to the Water Act and the CEW Trading framework and Operating Rules, so as to provide the CEWH with greater flexibility to allow the temporary annual trading of CEWH water allocations that are not required for environmental purposes. Such flexibility would increase the availability of temporary water and help to bring down prices, which in turn would facilitate increased agricultural production.

**Information Request No.11 – Critical Human Water Needs**

RAMROC Councils are comfortable with the existing CHWN criteria and arrangements and the provisions to be incorporated in the new Water Resource Plans currently in course of preparation and scheduled for implementation in July 2019.

**Information Request No. 12 - Compliance**

RAMROC is confident that the comprehensive measures in place and now being further developed through the water reform measures by State Governments and their Agencies will ensure strong compliance with the Basin Plan.

**Information Request No.13 – Monitoring, Evaluation and Reporting**

RAMROC has been disappointed for many years with the inadequate socio-economic impact analysis and studies undertaken by MDBA, as far back as 2011 pre the Basin Plan start.

It is evident that other external Consultants commissioned by Councils and communities over recent years have been able to assess and quantify the impacts of the Commonwealth Water Act and Basin Plan. However, the socio-economic work carried out by MDBA has always endeavoured to cloud these impacts with a range of other factors, such as droughts, floods, lower commodity prices, international markets etc.

On the other hand, MDBA appears to have no such difficulty in attributing all improved environmental outcomes to the measures contained in the Water Act and Basin Plan, whereas much of the improved environment in recent years could well have been the result of favourable weather and rainfall conditions and the associated natural increases in river flows and high storage levels.

**Information Request No.14 – Basin Institutional and Governance Arrangements**

RAMROC has no problems with the current arrangements.

**SUMMARY**

I trust that some of the RAMROC comment and information provided in this submission will be useful to the Productivity Commission in undertaking the 5 year assessment of the Murray Darling Basin Plan.

Members of the RAMROC Executive would be prepared to provide additional information as might be requested by the Commission.

Yours faithfully,

Ray Stubbs  
Executive Officer