RENMARK IRRIGATION TRUST
Constituted by a Statute of the Parliament of South Australia 1893

ABN: 38 139 833 773

149 Murray Avenue
PO Box 15
RENMARK SA 5341

Murray-Darling Basin Plan: Implementation Review 2023
Productivity Commission
www.pc.gov.au/inquiries/current/basin-plan-2023

SUBMISSION: MURRAY DARLING BASIN PLAN: IMPLEMENTATION REVIEW 2023

Thank you for the opportunity to provide a written submission to this review.

Background

Renmark Irrigation Trust (the Trust) is a member-based organisation and holds the No 1 Water Licence in South Australia; the irrigation community has been here a long time! It is characterised by diverse, high value crops, mainly from permanent plantings, produced using modern efficient irrigation systems on small to medium scale land holdings. The Trust provides an efficient water delivery service, which is fully piped, automated and metered, to around 1,100 customers. An extensive ground water drainage system operates in the irrigated area.

Challenges for our irrigation community in the first 110 years were more localised; such as suitable plantings, efficient water distribution systems and salinity management. Challenges that arose were always successfully overcome by the Trust and the irrigation community.

The millennium drought saw South Australian Murray irrigation water allocation reductions for the first time, and for six sequential years. This severely impacted the local community: economically, socially and environmentally.

In order to re-balance the use of water in the Murray-Darling Basin, the Commonwealth and Basin State governments agreed to implement the Murray-Darling Basin Plan (the Plan) as provided for in the Commonwealth *Water Act 2007*. This created new challenges and opportunities for the local community. Under the Plan, the Trust and its irrigators have returned 23% of their high security water entitlement to the environment, mainly through the on farm and off farm efficiency programs available in SA.

The efficiency and productivity programs run in SA to recover water for the environment, particularly the on-farm irrigation industry improvement programs, were enablers for our irrigators to adapt to ensure they continued to operate viable, irrigation-based business. It also helped to mitigate the changing landscape of Australian agriculture, enabling farmers to operate under new business models.

The Trust's partnership with the Commonwealth Environmental Water Holder, which aimed to bring Trust and Renmark Paringa Council owned floodplain land back to health, has also been a win/win arrangement; good for the riverine ecosystem, good for our business and local economy and good for our community.

The lower Murray riverine ecosystem needs to be nursed back to health and then maintained in a healthy state. The community can see that the Commonwealth water for the environment is starting to make a difference but there is more to do.

Trust's overall view on the Plan

- **The Plan made under the *Water Act 2007* is designed to provide water balance in the MDB and ensure a healthy, working, riverine ecosystem**
- **The Plan was agreed to by the Basin states and Commonwealth governments**
- **The Plan is better than no plan**
- **The legislated recovery and offset programs agreed in the Plan need to be completed**

  The ecosystem in the lower Murray has not yet returned to health. As natural overbank flows from unregulated water are now few and far between, we are needing to learn to irrigate parts of the floodplain, where possible, using environmental water, supported with infrastructure. Such "irrigation" will never reach all of the out of channel areas though more can still be done with additional infrastructure. Sufficient Commonwealth water for the environment is needed to use that infrastructure.

  Not completing the numerous programs for water recovery and offset targets, as agreed, creates uncertainty and increased risk for irrigated agriculture businesses. Until the riverine ecosystem has been operating under the new conditions for a number of years, the on-the-ground outcomes cannot be appropriately assessed by science. It is well documented that the agreed water recovery targets were a political decision, not a science-based decision. Science supported higher water recovery targets. Irrigation communities across the Basin have contributed significantly to the current volume of water held for the environment by the Commonwealth. A major risk for irrigators is that the outcomes will be judged as inadequate by the general community before the Plan and other legislated programs are even practically completed. This is bound to result in political pressure for increased water recovery targets in future years.

  The Trust supports an extension of time for completion of the agreed water recovery projects and to agree and implement alternative projects where required. This can be justified given the significant interruption caused by the COVID pandemic and the 2022 flood.

- **Voluntary, strategic buybacks and on-farm efficiency programs designed to return water for the environment, have and will assist communities to adapt.**

  The Trust was disappointed when it learnt the previous Federal government had adopted the "no buybacks" and in particular, the "no on-farm efficiency" policy for water recovery.

  Without the previous water recovery programs available to SA irrigators, the survival of our own Trust area had been at risk. The main SA program, the South Australian River Murray Sustainability Irrigation Industry Improvement Program (or SARMS 3IP), enabled farmers to use their premium priced 'buyback" funds for a wide range of activities that enhanced their

businesses. Procurements and discretionary spending associated with the program created an economic benefit for other businesses in the community.

Some farmers would still like to sell part of their water entitlement to continue to invest in business improvements. Obtaining a premium return on the sale of their entitlement for supporting the environment and reducing their own water security, in order to improve their business is a win/win/win for the farmer, the community they operate in and the riverine ecosystem that they rely on.

Other farmers who need to sell some of their entitlement, simply wish to sell their spare entitlement to the Commonwealth for the environment, rather than to other buyers, and without necessarily re-investing in their irrigation business. They believe that if sold to investors, it will likely be used for more greenfield sites of permanent plantings which will place further operational strain on the Basin.

Water entitlements are a property right. Provided there are no negative third-party impacts, why shouldn't the owner of that property right be able to choose to sell their water entitlement to the Commonwealth for the environment?

- **There is still work to be done to restore health in the riverine ecosystem in the lower Murray where members of our community work and live, along with many other communities in this section of the river.**
- **All solutions need to be considered.**
- **As irrigators, we do not wish to see the reliability of our high security water entitlement reduced by governments due to failure to meet the previously agreed water recovery targets. It is better to be compensated through voluntary participation in water recovery programs.**
- **As irrigators, we want to, and need to be at the table to discuss proposed solutions to meet the agreed water recovery targets that enable irrigators to adapt and thrive, rather than have solutions imposed upon us!**

TRUST RESPONSES TO PRODUCTIVITY COMMISSION'S SPECIFIC QUESTIONS

1. **What needs to change to ensure water recovery targets are met and that supply and efficiency measures are delivered? What lessons can be learnt from past experiences?**

Create the Vision and Community Commitment

The MDB's ability to continue to support economic and social outcomes across the Basin is dependent on the interconnected Basin becoming a healthy, sustainable working system. In order to achieve the water recovery targets, the whole MDB community needs to share and support a common vision of restoring the Basin's riverine ecosystem to sustainable health. This shared vision was not created during the development of the Plan resulting in community being pitted against community, and then Basin State against Basin State. Some activity has occurred in recent years to support the creation of a shared vision, however, much more needs to be done at the community level. It is only when all the Basin states that signed the agreement have bipartisan commitment, with the backing of their communities, that there will be political

willingness and a new burst of innovation to achieve the vision of a healthy, sustainable and working riverine ecosystem.

Avoid Negative Third-Party Impacts

Equally, the social and economic impacts were not fully considered and addressed for all the communities from which water has been recovered to date. It is imperative that there are no negative third party impacts from any future water recovery programs. This is particularly important for communities that rely on irrigation schemes. When there is a reduction in the utilisation of efficient, water delivery and drainage schemes as did occur, it does negatively impact the local community: economically and socially.

Incentivise

It is evident that the carrot of funding appears to have been insufficient for all Basin States to complete their agreed activities. Basin States that have met their requirements, should be recognised and not forced to contribute to water recovery due to inaction by other Basin States.

Encourage and Reward

Despite their potential willingness, individual farmers in some Basin States appear to have had little opportunity to participate in appropriate state-based programs for water recovery through on-farm efficiency measures due to strong opposition by their government. Such water recovery programs can be designed to deliver positive socio and economic outcomes and encourage irrigation businesses to adapt and thus prosper into the future.

Extend Legislated Timelines

Whilst there are numerous reasons why the agreed water recovery programs have not been completed, there is justification for an extension of time for Basin States to do so, given the significant interruption caused by the COVID pandemic and the 2022 flood. The Trust supports an extension of time for completion of the agreed recovery projects and to agree and implement alternative projects where required. This will avoid further water recovery from our farmers to cover the shortfall caused by incomplete projects.

2. Are the current arrangements for implementing the Murray-Darling Basin Plan operating effectively? How could the arrangements be improved? The Commission is particularly interested in the effectiveness of the arrangements for:

- **developing, accrediting and reporting on water resource plans**
- **water quality**
- **critical human water needs**
- **environmental water planning and management.**

Water Resource Plans

It is imperative that all water resource plans required within the Basin are operational. The fact that one Basin State is significantly behind in achieving this outcome is disappointing and contributes to lack of trust between Basin states and communities. There is a sense that the system has failed to ensure all Basin States are meeting their requirements with the same degree of equity and that insufficient authority has been provided to the Commonwealth agencies to enforce these requirements.

Water Quality

Arrangements to manage historic salinity issues have been effective within the Basin. Concern is held for potential new salinity challenges arising from the extensive greenfield developments in areas that do not have salt interception schemes. The impact of nutrient loads and algal blooms also require increased monitoring and improved management.

Critical Human Water Needs

Accredited Water Resource Plans should adequately address this issue. South Australia's horizontal storage arrangements for deferred water does not enable such water to be held for when truly needed. Instead of holding it for low inflow years to meet critical human water needs, the rules deliver it in a flood!

Environmental Water Planning and Management

Environmental water was critical in keeping connectivity in the lower Murray-Darling and flow into the lower Lakes during the last drought. It has also helped to maintain small pockets of healthy habitat on wetlands and floodplains in the lower Murray-Darling ecosystem during periods of low flow. Positively, river irrigation communities are seeing the benefits of the recovered water, even more so when engaged in local watering programs. Whilst criticism is heard of lack of environmental watering planning, monitoring and reporting, the Trust's own experience as an environmental water delivery partner cannot support that criticism; the requirements at local, state and national levels are extensive and are readily accessible by the public.

Recovered environmental water, however, will never replace a "natural" overbank flow which are now few and between. There is an opportunity to utilise "potential" unregulated water to create overbank flows in the lower Darling – Murray. In a series of wet years when storages are close to full, the co-ordination of airspace management by all MDB river operators could create overbank flows that cover vast areas of the lower Murray-Darling flood plains. This may lead to two or more years of manageable overbank flows in a wet period and assist in avoiding devastating floods. At the moment, it is all or nothing.

In addition, the benefit of the recovered water and any management of unregulated flows, cannot be maximised without the constraints on the River and floodplains being addressed.

3. Have the governance and institutional arrangements for the Plan – including the arrangements for compliance and monitoring, evaluation and reporting – proved effective? What changes would you recommend?

Overall, the governance arrangements are slowly becoming more effective. The delay in implementing the Basin Plan has resulted in further institutional complexity in response to people losing confidence and trust in the Plan delivery, compliance, related institutions and the water market. Complexity will increase further with the proposed regulation of the water market. The Trust view is that any simplification in the Commonwealth's institutional arrangements in relation to the Plan would be welcome as would ensuring there is adequate authority to ensure compliance in Plan delivery.

4. How well is the Plan responding to a changing climate? How should this be improved?

The Plan was agreed to by the Basin States and the Commonwealth government in response to the Millennium Drought, a period of extreme low inflows that some would argue was due to

climate change. Water Resource Plans are required for all valleys within the Basin and these should contain a plan of how water is shared during extreme low inflow scenarios. The Trust view is that once all Water Resource Plans are accredited, the Plan's mechanisms for water allocation at both Basin State and community level would adjust to any climate extreme being experienced.

Extreme wet periods are rarely talked about under the topic of climate change, yet are also likely to be a part of the Basin's future. This provides an opportunity for the MDBA and Basin State river operations to manage unregulated flows in a co-ordinated manner to create more regular, desperately needed overbank flows in the lower Murray-Darling riverine ecosystems and thus also potentially avoiding the extreme floods as was recently experienced.

5. How well is the Plan addressing the interests of Aboriginal people?

Improvements can be made in addressing the interests of Aboriginal people, and Aboriginal people are best positioned to address this.

The Plan does provide some opportunity for Aboriginal people:

- The Commonwealth water for the environment is improving connectivity within the riverine ecosystem. It is also creating opportunities for Aboriginal people to connect to land through engagement with local management and use of that water. An extended Aboriginal ranger program for the MDB wetland/floodplains should be permanently funded by the Australian taxpayers; it is a win/win for communities in many ways. Ongoing engagement by local Aboriginal rangers with the use of water for the environment in their community area may also partly contribute to ensuring their cultural interests are being met.
- The water market provides the opportunity to acquire economic water from the consumptive pool for aboriginal communities. Should the government be willing to fund the acquisition of water through the market, the governance mechanism to hold that water entitlement needs to ensure the water is used and managed for the long-term economic benefit and well-being of local Aboriginal communities.

The Trust would not support addressing the interests of Aboriginal people through governments simply reducing the reliability of irrigators' water entitlement allocations.

6. How well has community consultation and engagement been conducted? How can this be improved?

Community consultation and engagement has improved, however, the numerous agencies involved in the Plan can make it difficult for individual persons to navigate and find simple explanations for the various aspects of the Plan. It is recommended that short notification periods for any community consultation and engagement activity be avoided; people have businesses to run and need to plan well in advance.

The community forums undertaken by the MDBA have provided opportunities to learn and, as importantly, hear opinions from other sections of the Basin.

7. What lessons should be learned from programs aimed at helping communities adjust to the Plan?

Water recovery needs to be strategic and avoid negative third part impacts:

- The majority of South Australian irrigators already apply their irrigation water very efficiently using modern, water-wise irrigation systems and delivery schemes. There is limited scope for additional water recovery in SA through water recovery programs that must demonstrate improved water efficiency.
- Programs that enabled irrigators to invest in value-add activities to improve their business operations and profitability, whilst returning water for the environment, were effective. The irrigation businesses became more resilient, which in turn, maintained economic activity in the community and thus social well-being. An example of this was South Australia's SARMS-3IP, which was an "on and off-farm" water recovery program. Such programs should be encouraged as it supports the irrigation community to adjust.
- Negative third-party impacts should always be avoided in any water recovery under the Plan.
- Programs that "exited" irrigation businesses from within modern, efficient irrigation water delivery schemes, had a detrimental impact on the whole community, economically and socially. For example, the Trust took nearly 10 years to fully recover from the "2009-10 exit grant" program. Whilst it did allow some irrigators to exit the industry with dignity after prolonged drought, any such "exit" programs in the future should be designed to deliver an ongoing, thriving agricultural community for those that remain.
- Giving money to local community groups for such things as community facilities does not replace the economic activity created by productive agricultural business in the community.

8. Does the implementation of the Plan reflect a commitment to the best available scientific knowledge? How well is this knowledge communicated? What improvements should be made?

Water recovery targets under the Plan were a political compromise. It is inevitable that completion of the Plan will also involve some political compromise. The "best available science" will be important in the ongoing management of the available water resources in order to maximise the health of our riverine ecosystem and to maintain the social, economic, environmental balance for the long term. A healthy river system means healthy communities.

9. Are there any other issues with Plan implementation that you wish to raise?

The Trust is of the view that additional work needs to be undertaken on achieving social and economic balance in the objective of having a healthy, working river that supports communities.

The establishment of water markets was an integral part of implementing the Plan in that it enabled water to be recovered. However, water markets have changed the balance between permanent and annual cropping in the MDB to the degree that it is now predicted that there will be insufficient water to meet the demand from permanent crops during future droughts. This change in crop balance will significantly reduce the resilience of MDB communities during future droughts.

Water markets also appear to be reducing cropping diversity. Every commodity has economic cycles; the concept of water going to the highest value production is still to be proven. One questions if the reduction in crop diversity is sustainable or even desirable in the long term for Australian food security and agriculture within the Murray-Darling Basin.

Again, thank you for the opportunity to provide our views and we are available to discuss any aspect of this submission.

Yours sincerely

R Humphrey Howie
Presiding Member

Rosalie Auricht
Chief Executive Officer

28 July 2023