



National Farmers'
F E D E R A T I O N

National Farmers' Federation

**Submission to the Murray-Darling Basin Authority
Basin Plan Amendment Instrument 2017 (No 1)**

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Prepared by Jack Knowles

NFF Member Organisations



CANEGROWERS



Goat Industry Council of Australia Inc



NEW SOUTH WALES IRRIGATORS' COUNCIL





The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental fabric.

Social >

There are approximately 132,000 farm businesses in Australia, 99 per cent of which are Australian family owned and operated.

Each Australian farmer produces enough food to feed 600 people, 150 at home and 450 overseas. Australian farms produce around 93 per cent of the total volume of food consumed in Australia.

Economic >

The agricultural sector, at farm-gate, contributes 2.4 per cent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2016-17 is estimated to be \$58.4 billion – a 3.3 per cent increase from the previous financial year.

Together with vital value-adding processes for food and fibre after it leaves the farm, along with the value of farm input activities, agriculture's contribution to GDP averages out at around 12 per cent (over \$155 billion).

Workplace >

The agriculture, forestry and fishing sector employs approximately 323,000 employees, including owner managers (174,800) and non-managerial employees (148,300).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 40 per cent of the employed workforce is casual.

Approximately 60 per cent of farm businesses are small businesses. More than 50 per cent of farm businesses have no employees at all.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 52 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 94 per cent of Australian farmers actively undertaking natural resource management.

The NFF was a founding partner of the Landcare movement, which recently celebrated its 20th anniversary.

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1. Introduction

The National Farmers' Federation (NFF) welcomes the opportunity to provide comment on the proposed amendments to the Murray-Darling Basin Plan (The Basin Plan), as outlined in the consultation documents issued by the Murray-Darling Basin Authority (MDBA) and the *Basin Plan Amendment Instrument 2017 (No 1)*.

The NFF acknowledges and thanks the MDBA for the opportunity to be involved in the consultation process throughout the course of the Northern Basin Review. The genuine approach taken by the MDBA to understanding industry and community concerns is appreciated.

2. Northern Basin Review amendments

2.1. Overall change to proposed recovery targets

As a member of the #MoreThanFlow Alliance, NFF supports the headline messages of the #MoreThanFlow campaign: Enough is enough. It is time to end unnecessary economic pain on irrigation dependent communities and invest in non-flow measures that will deliver real environmental outcomes.

The proposal by the MDBA to lower the recovery target from 390 GL to 320 GL still means that around 450 jobs will be lost from the small communities of the Northern Basin, with some irrigation dependent towns already at breaking point. This impact adds to the longer term declines already being experienced in rural and regional areas across the Basin. Given the economic hardships being faced by many northern basin communities, taking further water out of production is just unacceptable.

The social and economic pain that northern basin communities will feel under further water recovery is especially unacceptable considering that the environmental outcomes of the Northern Basin Review highlight that between 19 and 27 out of 43 environmental indicators will not be met regardless of any water recovery scenario. This result exemplifies our view that site specific flow indicators are not an appropriate measure of environmental health. It is beyond time that environmental outcomes are described and measured using metrics other than flow. The 'just add water' approach to environmental management is not working and it is time to make the most of the environmental water that has already been recovered and demonstrate real environmental outcomes. Realistic alternatives achieve environmental outcomes remain largely unexplored, and these must be pursued as a priority, rather than further water recovery which results in social and economic damage to the communities of the Northern Basin.

Better outcomes can be achieved if 'non-flow' issues such as addressing cold water pollution and fish passage, controlling feral animals in key wetland and floodplain areas, and tackling carp infestations. Governments need to commit to

exhausting these opportunities, instead of inflicting more social and economic damage on communities that rely on irrigation.

Governments must reiterate their commitment to not use the compulsory acquisition of entitlements, or “across the board cuts” to “bridge the gap”.

2.2. Change in local versus shared reduction

The Authority proposes to alter the overall Basin Plan target for environmental water recovery in the northern basin from 390 GL a year to 320 GL.

The amendments propose to increase the local reduction volume from 247GL to 249GL and the reduced the shared reduction volume from 143 GL a year to 41 GL a year.

It is proposed that the shared reduction targets for the two new zones are as follows:

- a) northern basin Queensland zone – 17 GL per year
- b) northern basin New South Wales zone – 24 GL per year

Notwithstanding our opposition to further recovery, the NFF does not support the proposed changes to the local/shared recovery split. This change reduces the flexibility for jurisdictions to recover water through on-farm efficiency programs with willing participants that aim to maintain past production levels by generating water savings and stimulating short-term local investment.

The proposed change to the local/shared reduction split also reduces the flexibility for jurisdictions to recover water with the least social and economic impact, creating conditions that could lead to unnecessary hostility between basin communities.

Further the proposed change means that the additional recovery burden would be unfairly concentrated in a small number of valleys, with the impact of these changes being borne by a small number of local communities such as Dirranbandi, St George, Goondiwindi and Wee Waa.

The increased water recovery target for New South Wales comes with little attention drawn to the officially recognised over recovery that has occurred in the Gwydir and Macquarie Valleys.

NFF urges the Government and the Commonwealth Environmental Water Holder to engage with the irrigation industry in these valleys to fully explore the range of options to return water to the consumptive pool in these valleys.

NFF questions the basis of the change in local versus shared recovery target in the Barwon-Darling. The proposed new local recovery target is five times greater than the provisions in the original plan. That the revised target precisely matches the recovery to-date volume is of remarkable coincidence.

2.3. Tool kit measures

NFF strongly supports the principle of achieving desired environmental outcomes by practical and well-resourced management measures as an alternative to further water recovery.

The proposed toolkit measures include arrangements to protect environmental flows, event-based mechanisms and improving the coordination and delivery of environmental water. The proposed tool kit also includes specific measures in the Gwydir to remove constraints and manage flows to the wetlands, and environmental works and measures to promote fish movement and habitat.

In NFF's view, the scope of the Toolkit remains too narrow. The proposals are in our view limited, and will not result in the environmental outcomes being achieved regardless of co-ordinated delivery of held environmental water. The scope of the toolkit should be broadened to include action to control invasive pest species such as carp and investment in land management activities to improve the health of the riparian zone and wetlands.

Greater discipline is required to prioritise efforts and investments to achieve those environmental outcomes that are most important and those that can be achieved with the resources available.

The proposed reduction in the recovery target appears to be predicated on a strong commitment from the Australian, Queensland and New South Wales governments to implement a range of specific toolkit measures, including a targeted water recovery strategy.

The NFF recommends that funding be redirected from an emphasis on water recovery to the robust planning, implementation and ongoing management of infrastructure projects and non-flow measures that achieve more effective management of water already recovered under the MDBP so that real environmental outcomes are delivered.

Jurisdictions should also look to fund community socio-economic adjustment and adaptation programs. These projects must have the capacity to broaden the economic and social capacity of communities, and have a very high likelihood of extended durability.

The NFF takes the opportunity to highlight specific detail in relation to the Tool kit measures below.

Protecting environmental flows

This measure is proposed to strengthen the efficient and effective delivery of environmental flows across the northern Basin, particularly in the unregulated river systems of the Condamine–Balonne and Barwon–Darling.

The NFF's view is that environmental water should be acknowledged for what it is: water for the environment. Likewise, irrigators are entitled to take water in accordance with the plans, rules and conditions of extraction – no more and no less. Federal governments of all persuasions have thus far adhered to the principle that water entitlements recovered for the environmental purposes retain their original characteristics under ownership by the CEWH. The principle is fundamental to ensuring that the rights of all entitlement holders are not diminished.

Approaches adopted to “protect environmental flows” must not give primacy to the Commonwealth Environmental Water Holder (CEWH) over the same entitlements that are held by irrigators. Policy responses on how best to manage environmental water through the system must respect the existing rights of water entitlement holders, and not attempt to infringe on these in anyway. Further, there should be no ‘third party impacts’ from the management of environmental water.

Approaches such as system embargoes or wholesale changes to licence conditions are not supported by NFF. Governments are yet to demonstrate how these approaches can be implemented in a way that does not diminish existing water rights.

The NFF seeks that the MDBA, the jurisdictions and the CEWH continue to work together with entitlement holders to develop approaches, including but not limited to commercial agreements, to protecting environmental flows that do not undermine existing entitlements.

Targeted water recovery

The MDBA proposes that the targeted recovery of water can improve environmental watering of Narran Lakes, Lower Balonne and Culgoa floodplains and the Barwon– Darling River as well as potential improved social and economic outcomes by recovering water upstream of the Beardmore Dam.

First and foremost, NFF does not support any further water recovery, and as outlined above it does not support the lack of flexibility that is created by increasing local reductions and reducing shared reduction, is not supported by the NFF.

However, should the NFF view not prevail, and the Commonwealth insists on further recovery, it must be done in a way that ensures the least social and economic impact possible.

To that extent, and that extent only, NFF concedes that the geographical location of water entitlements can be a relevant factor.

Event-based mechanisms

This proposed measure aims to benefit the Narran Lakes, some areas of the Lower Balonne, the Border Rivers and Namoi regions, with some limited benefits also expected to occur in the Barwon–Darling. It is proposed this will be achieved through a range of mechanisms including: one-off temporary trade by event, options over pumping (enduring agreements) and store and release.

The implementation of any event-based mechanisms should only come after detailed consultation with entitlement holders, and be entered into on a genuinely commercial basis. It is crucial that in designing any such approaches, the details be worked through together, so a mutually agreeable solution can be reached between the CEWH and entitlement holders. Designing mechanisms in the absence of entitlement holder input risks effort being made to develop a product which may not be commercially attractive or practical to implement.

Coordinating environmental flows

The MDBA proposes to maximise the environmental outcomes of environmental water moving from upper catchments to downstream rivers through the coordinated delivery of environmental water.

Though an admirable aspiration, the NFF remains to be convinced of any significant potential for coordinated environmental flows. The practical difficulties of achieving fully co-ordinated flows cannot be over-estimated.

Co-ordinated management will require the full co-operation of all jurisdictions, and even then it has to be accepted that in many cases the exact desired outcome will not be achieved. As noted in the MDBA's own hydrological report, this is likely to have limited scope, due to the highly variable nature of the northern system. We note that the NSW Government has attempted to implement this level of predictive capacity in the past with limited success.

The MDBA must recognise that the physical capability to manage natural flows is limited on northern streams due to the absence of significant regulating structures downstream of the major dams. Furthermore the release capacities of most northern storages are small as they were never designed with releases of the quantum being anticipated by the MDBA in mind.

Removing constraints in the Gwydir

This proposal identifies the removal of a number of constraints in the Gwydir catchment which are preventing flows reaching the Gwydir wetland, with significant environmental benefits expected in the Gwydir wetlands by allowing higher river flows.

While the NFF strongly supports the principle of investment in non-flow measures to more efficiently achieve environmental outcomes, constraints projects must be examined in detail to fully understand the costs and benefits, risks and the distribution of impacts. The opportunity for these efficiencies to offset water recovery must also be examined. Based on the material available, these opportunities have not yet been comprehensively scoped. Full and proper analysis is required, with detailed consultation with and agreement by those affected by the proposals.

Targeted environmental works and measures

The proposal to engage in targeted environmental works and measures to promote fish movement and habitat in the northern Basin, including construction of fish ways and control of cold water pollution, is welcomed by the NFF.

Simple and cost effective solutions such as the temperature control structures for cold water pollution mitigation and the Yallakool Creek weir refurbishment and fishway have already delivered significant environmental and community benefits to the basin. Individual opportunities must be examined in detail, so that informed decisions can be made as to the optimal level of investment in infrastructure (including capital, management and replacement costs) can be made to achieve the stated outcomes.

The success of these projects should be replicated across the basin. Further, it is critical that these infrastructure projects be complemented and enhanced through the management and control of invasive carp populations, including the controlled introduction of the carp herpes virus, to ensure that native fish populations are given the best opportunity to thrive.

3. Groundwater management

The MDBA has proposed several changes to how groundwater is managed under the Basin Plan after review of the baseline diversions limits (BDLs) and SDLs for groundwater areas. The proposed changes include a realignment of water resource plan areas, an increase in SDLs for three reviewed groundwater areas and the inclusion of local management rules as mandatory for examined groundwater areas.

The NFF supports the proposed changes to water resource plan area boundaries to achieve alignment with the state water planning areas.

The review of three specific groundwater areas: Eastern Porous Rock, Western Porous Rock; and Goulburn–Murray that was foreshadowed in the original Basin Plan has resulted in a number of proposed changes to groundwater management in these areas.

The NFF supports the proposed increases in SDL for these three groundwater management areas, as is the proposal to adopt local groundwater management rules.

NFF supports the proposed changes to the 10-year rolling average provisions for managing extraction in groundwater. We note that account rules set out in state-based water sharing plans provide a similar level of protection from growth in use.

Combined, the proposed sections 6.12C(3) and (4) limit the definition of a “reasonable excuse” as those actions that arise from the operation the water resource plan or circumstances beyond the state’s control (such as Commonwealth failure to bridge the gap). Aside from these, there is in effect no difference

between non-compliance with or without a reasonable excuse, as make good arrangements must be in place.

There may be circumstances where excess take should not have to be paid back, in the event that there is a reasonable excuse. The current rigid wording provides no flexibility to appropriately consider the specifics of a particular circumstance.

4. Other Minor & Technical Amendments

4.1. Surface water management – boundary changes, shared reduction and ACT BDL

The MDBA has proposed amendments to the boundaries of water resource plan areas and SDL resource units for surface water. These changes come at the request of Basin states, who have asked the MDBA to better align the Basin Plan water resource plan and SDL resource unit map boundaries with the state water management planning boundaries.

Shared reduction amounts are specified under the Basin Plan to satisfy the environmental needs of the Murray and Darling rivers and are further recovered required to local reduction amounts. The shared reduction amount is apportioned among SDL resource units in shared reduction zones based on a default method. The MDBA proposes to amend the Basin Plan to extend the time the states may request a distribution of the shared reduction amount different to that of the default method. This extension is supported by the NFF.

The Basin Plan defines a baseline from which to determine required reductions in diversions. The MDBA proposes amendments to the description of the BDL for the Australian Capital Territory surface water SDL resource unit and an improved estimate of the quantity of water represented by the new description. This proposed amendment is based on advice from the ACT that an improved description of the baseline diversion limit is available. This adjustment is supported by the NFF subject to there being no change in recovery obligations in the NSW Murrumbidgee water resource plan area.

4.2. Method for determining compliance with the sustainable diversion limits in surface water

The MDBA proposes to amend the way the cumulative balance of water take is calculated for the purposes of assessing compliance with the SDL. The proposed calculation would allow the Authority to account for a particular circumstance: such as where the Commonwealth has failed to ‘bridge the gap’ to SDLs under the Basin Plan.

Under the provisions of the Basin Plan for determining compliance with SDLs where the annual actual take is greater than the annual permitted take, the difference is recorded as a debit. The cumulative balance of the difference between permitted take and actual take is recorded annually and where the debt accounts

for 20% of an SDL, a ‘reasonable excuse’ is required to ensure the SDL resource unit remains compliant with the SDL.

The NFF supports the proposed changes to managing compliance so that is debit not registered where the Australian Government has failed to bridge the gap.

5. Water trading rules

The MDBA proposes to amend the Basin Plan water trading rules to improve clarity, having identified a small number of rules that may benefit from clarification to ensure they operate in the manner that was originally intended.

NFF’s view is that the Basin Plan should be sufficiently flexible to enable changes to the water trading rules over time, so that the Plan reflects the trading rules in place at any particular point in time.

6. Consequential amendments following the Water Act Review

The Authority has proposed a number of amendments to the Basin Plan as a result of the Independent Review of the Water Act, and the subsequent amendments to the Act made by the Parliament in 2016.

The proposed amendments update some reporting requirements in the Basin Plan, re-phase the timing of reviews and fix a minor cross reference to the Water Act.

The NFF supports these proposal.