



National Irrigators' Council

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Environmental Water Recovery

The commitment to cap buyback at 1500GL must be maintained and legislated

Position Statement

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National Irrigators' Council Position Statement Environmental Water Recovery

Introduction

During the development of the Murray-Darling Basin Plan, major political parties committed to 'bridging the gap', or compensating water holders for environmental water recovery. Prior to 2010 the focus of water recovery was on purchasing entitlements with the then Government adopting a 'no regrets' policy and purchasing water from where-ever it was offered rather than from where it was needed. Irrigators have been concerned that the focus of water recovery remained large-scale buy back while infrastructure investment was not a priority.

NIC Principles Relevant to this Policy Paper

- Protect or enhance water property rights.
 - Characteristics of water entitlements should not be altered by ownership.
- No Negative third party impacts on reliability or availability.
 - Potential negative impacts must be compensated or mitigated through negotiation with affected parties.
- Irrigators must be fully and effectively engaged in the development of relevant policy.
- Irrigators expect Government policy to deliver triple bottom line outcomes.

Guiding Questions

1. Does the Strategy minimise the amount of water to be recovered directly from irrigators? (i.e. environmental works and measures and other delivery offsets?)
2. Has the focus changed from buyback to investment (efficiency schemes etc)?
3. Is the SDL adjustment mechanism explained?
4. Is the benchmark modelling to be used for the SDL adjustment mechanism appropriate (i.e. have *The Living Murray (TLM)* projects been removed as requested by Minister Burke, are salt targets in Lower Lakes an accurate historical representation)?

Key Messages

- The commitment to cap buyback at 1500GL must be maintained and legislated.
- There must be no acquisition of "up" water until the Government has proven it is using 2,750GL fully and effectively.
- All water recovery must uphold the triple bottom line principles and must have either neutral or improved social and economic impacts for the communities from which the water is being removed.
 - There should be transparency about the social and economic impacts of water recovery.
 - The "public good" argument is of no consequence to the people of an irrigation town if their major industry collapses.
- The Commonwealth must focus on achieving in valley targets first.
 - Where surplus water has been acquired it must either be:
 - Credited to the downstream recovery in connected systems; or
 - Returned to the consumptive pool in terminal systems by resale of entitlement.
 - No further water recovery should take place in a terminal system where the in-valley target has been reached.
- The Government must consider all market options as part of the water recovery process.
 - The focus does not need to be on permanent entitlements.
- The Government must consider innovative and collaborative ways with a whole of Government focus to enable water recovery.
- The SDL adjustment mechanism must be explained.
 - What is the benchmark model?
 - Have the TLM projects been taken out of the benchmark model as requested by then Minister Burke?
 - What projects have been proposed and what offsets are they expected to achieve.

Background Information

During the development of the Murray-Darling Basin Plan, both major parties committed to “bridging the gap”, or compensating water holders for environmental water recovery.

Prior to 2010 the focus of water recovery was on purchasing entitlements with the then Government adopting a ‘no regrets’ policy and purchasing water from where-ever it was offered rather than from where it was needed.

The Sustainable Rural Water Use and Infrastructure program (SRWUIP) was developed in 2008 to roll-out infrastructure funding through programs such as the State Priority Projects, On-Farm Irrigation Efficiency Program and the Private Irrigation Infrastructure Operators Program.

Irrigators have been concerned that the focus of water recovery remained large-scale buy back while infrastructure investment was not a priority.

The finalisation of the Basin Plan in 2012 was accompanied by the release of a draft *Environmental Water Recovery for the Murray Darling Basin*. It made the following points:

- Under the Murray Darling Basin Plan, the Commonwealth Government has committed to reducing surface water diversions by 2750GL.
- As at 30 April 2014, 1900GL of the 2750GL had been secured through Commonwealth and state environmental water recovery programs.
- Of this, 543GL of surface water had been contracted under infrastructure works.
- An additional 36GL of water recovery will also be delivered under the South Australian River Murray Sustainability Program
- State recoveries and transfers from Queensland to the Commonwealth contributed 166GL and 11GL respectively and water recovered through purchase contributed 1142GL.

On winning Government in 2013, the Coalition made a commitment to cap buybacks at 1500GL and has asked the Department of Environment to revise the *Water Recovery Strategy*. It is expected to be released in the near future and to contain further detail on the SDL adjustment mechanism.

Further developments since the finalisation of the Basin Plan include:

- No further purchases are needed in South Australia and Victoria until 2016.
- If NSW secures its proposed offsets, plus recovered water and infrastructure projects, purchases will remain below rate of 3% of baseline diversions per decade as sought by the NSW Government.
- After the SDL adjustment mechanism has operated in 2016, the *Environmental Water Recovery Strategy for the Murray Darling Basin* (draft released November 2012, final copy due imminently) will be reviewed.
- Each of the Basin states have agreed that any shortfall in achieving 650GL can be acquired through purchases.

NIC's Position

The commitment to cap buyback at 1,500GL, made by the Prime Minister on 29 November 2013, must be maintained and legislated.

All water recovery must reflect triple bottom line principles and must have either neutral or improved social and economic impacts for the communities from which the water is being removed. There should be transparency about the social and economic impacts of water recovery. The “public good” argument is of no consequence to the people of an irrigation town if their major industry collapses.

There must be no acquisition of “up” water until the Government has proven it is using 2,750GL fully and effectively.

It is recognised that there has already been over-recovery in some areas of the Basin as a result of State and Commonwealth acquisitions that occurred prior to finalisation of the Basin Plan. Where the Commonwealth holds water in excess of the local reduction requirements these volumes should be credited toward the downstream shared reduction where there is hydrological connectivity, or sold back to productive users in areas where volumes cannot be used to meet downstream requirements.

The Government must consider all market options as part water recovery process. The focus does not need to be on permanent entitlements. There are new and innovative products on the market, such as lease options and purchase of future allocation, that can enable flexible options for use by Government to achieve environmental outcomes.

The Government must consider innovative and collaborative ways with a whole of Government focus to enable water recovery.

To date much store has been put in the ability of environmental works and measures and other non-entitlement recovery opportunities to achieve offsets under the SDL adjustment mechanism. While irrigators understand the concept of the offsets, the mechanism itself remains an unknown quantity. Two years after it was first mooted, to our knowledge, the benchmark modelling which forms the basis for evaluating projects, has not been finalised. The NIC seeks further information about the proposed projects and their estimated offset value.