Socio-Economic Assessment of Murray-Darling Basin Submission Template

Submission Number 029

1. What organisation (if relevant) are you from?
2. Please enter your first name
   [redacted]
3. Please enter your email
   [redacted]

Bring communities back to the heart of conversations and action that decide their future

This section encompasses the following categories:

- Governments must rebuild community trust in water reform, and lead from the front
- Current funding is not enough to support community led transitions for Basin communities impacted by water reform
- Socioeconomic neutrality criteria should be accompanied by a process to provide flexibility for communities to move to less water dependent futures where communities request this

4. To what extent do you agree or disagree with the Panel's key findings and recommendations, and why? Please provide as much detail as possible.
   Draft Recommendation 3- We agree the economic development program should be extended until at least 2030 and then reviewed. Achieving long term outcomes requires a long-term commitment along with careful and adaptive planning. Draft recommendation 5 – We do not agree with the wording of the recommendation. Socio economic neutrality tests are at best 'grey' and should be simplified to ensure that a proposal will achieve positive long-term benefits. Our experience is that there would be a very limited number of genuine projects that would pass the "neutrality" test. The recommendation should be much clearer in its wording that when neutrality tests are applied, and they fail, the only other option should be to seek offset initiatives. Our experience when these kinds of "tests" have applied in the past, this has resulted in disputes amongst community members, peer pressure and manipulation of criteria to suit short term interests of some conflicted parties.
5. Are there any significant gaps? What are we missing?
   1. Development Corporation To restore vibrant communities, we would like to propose a "Development Corporation" type approach to bring a clear focus to investment, entrepreneurial action and rejuvenation. The Commonwealth and States need to look at a non-political unitary approach that would focus on impacted parts of the southern and northern basin. It should be clearly task-focused to turn around these damaged regions. This proposal does not require a change of the Constitution or of the States; just a willingness to commit long term funding to stop regions already in recession moving into depression. There are numerous similar rejuvenation models around the world. They do not earn a payback in one year but over a longer timescale of a decade they can regenerate a region, catalysing change. This concept could commence by piloting an approach like this now, and doing it with real commitment. To work in the long term, they will need substantial budgets and a life of ten years or more. We believe that this concept would work; in the basin there are institutions that overlap, have constrained powers and focus with short term budgets. With different boundaries and different governance there is little prospect of coordination and the likelihood of lost programs and

frustrated energy. This concept addresses these issues. [redacted] would welcome the opportunity to work with the panel regarding how this may function. Proposed recommendation: That a Development Corporation approach be developed to drive long term investment and rejuvenation into impacted basin communities. 2. Environmental Funding = Vibrant Communities Relating to our point on Question 11 of this survey. If the focus of the basin plan shifted to solely achieving environmental outcomes this could also mean significant funding injected into many of those communities impacted to support these initiatives. The resulting turnover from funds will have a significant impact on those communities and then turn, what was once a threat to that community, into a welcome opportunity to diversify the communities economic base whilst achieving environmental outcomes. For example, a wetland watering project may involve funds to complete survey and design work, completion of water delivery earthworks along with infrastructure such as regulators and culverts, with the site to be protected by fencing to exclude stock and works to rehabilitate the site with native vegetation and control pests. The project will need to employ staff to oversee the works and undertake ongoing monitoring. All these activities inject funds and people into communities and make a big difference. An example where this was most noticed was when [redacted] A total of $100M in funds was invested into the community to undertake a range of initiatives with most of those funds “on-ground” and very little used on administration. This program had a very significant and positive economic impact on small local communities, not to mention the outstanding outcomes achieved. A similar approach on a large scale with a focus on efficient and targeted environmental water initiatives will create similar benefits to those communities. The $1.7Billion identified to recover 450GL should be invested in achieving environmental outcomes which would effectively offset the 450GL, similar to an SDL project. Imagine the rejuvenation of communities with these funds injected into a range of onground activities and the corresponding environmental outcomes. The best way to mobilise community support for these programs is to first remove the threat of further water recovery and then engage with the key stakeholders to develop an integrated implementation program. Proposed Recommendation: That investment of funds to achieve environmental outcomes through basin plan initiatives be used to help rejuvenate impacted communities. 3. Leverage enhanced environmental assets Local assets that are enhanced through environmental activities should be capitalised upon to bring long term support to local communities nearby those environmental assets. Funds should be utilised to create tourism centres and cultural centres, walking trails, camp sites and access tracks in National Parks, promoting fishing, camping, boating and kayaking. This proposal links with the “Development Corporation” and the “Environmental Funding= Vibrant Communities” proposal. Proposed Recommendation: That investment of funds into enhancing environmental values and recreational activities attributed to those environmental assets be used as one form of investment through the Development Corporation. 4. Impacts to Irrigation Infrastructure Operators The collective impacts of water reform on Irrigation Infrastructure Operators (IIOs) are much more significant compared to extraction directly from a river. [redacted] in typically old and depreciating assets built from government in the 1930’s and 40’s. Those same rates of depreciation still occur whether we deliver 1GL or 1,000GL annually. Since privatisation, nearly 350,000 water entitlements (30 per

cent) of our licence volume have been acquired for environmental purposes and the reliability of the General Security Entitlements has reduced from 75 per cent to 46 per cent. Constitutionally we are not for profit and what was a financial model that previously enabled us to break even is now a model where we continuously make a loss and fees need to increase to customers to fill this financial gap. An important source of revenue to IIO's is from delivering water and the farmers financial capacity to continue paying those fixed charges. This has been made much more challenging with two years of zero water allocation against General Security Entitlement holders. The [redacted] was originally designed and delivered around 1,500GL annually, today we now average 600GL in a good year. IIO's have networks to supply all customers, hence the cost is worn by the entire customer base with immediate third party impacts when water leaves a system. Many farmers within IIO areas have made substantial investments to improve the efficiency and productivity of their irrigation layout to find that these systems risk becoming white elephants from a lack of water and unfinancial due to activities outside of their control. IIO's that have been negatively impacted through water reform need funds to implement structural adjustment measures to recover from previous detrimental economic impacts from water recovery. An example of a structural adjustment initiative is rationalising IIO infrastructure so there are less fixed fees to charge farmers to replace those structures in future. These funds will effectively enable these operators to structurally adjust to more recent water delivery patterns and reduce the need for continual fee increases to remaining customers. To continue to maintain the viability of IIO's in the future there must be no further water recovery from an IIO area of operations and a shift towards delivering more water through these systems to capitalise on infrastructure already in place to improve their business sustainability. Many IIO's are perfectly placed to deliver environmental water to environmental sites. Proposed recommendation: That the IIOs be recognised for their key role as part of strategic agriculture and that the impacts of water reform on IIO's be assessed with funds to assist IIOs.

6. If implemented, do you think our recommendations would make a difference or have a benefit to you and/or your community?
   Yes. Our region has been heavily impacted and a refocus for impacted communities to take control of their future underpinned by long term funding resources is on balance a sound principle.

Meet the pressing needs of First Nations

This section encompasses the following categories:

- More needs to be done to improve social, cultural and economic outcomes for First Nations communities

7. To what extent do you agree or disagree with the Panel's key findings and recommendations, and why? Please provide as much detail as possible.
8. Are there any significant gaps? What are we missing?
   1. Support for First Nations through environmental funding initiatives We think that it is important to note that First Nations communities are closely connected to our mainstream communities and the negative impacts of water reform on mainstream communities will also negatively impact First Nations communities. For example, if towns where First Nations

communities are closely integrated with lose health and education services due to a dwindling population this is also a concern. Initiatives adopted in Topic 1 of this survey; specifically: Regional Development Corporation, utilising environmental funding as an economic stimulus to impacted communities and funds to enhance environmental assets will have a direct positive impact on First Nations Communities. [redacted] is also uniquely placed to deliver environmental water to an extensive system of creeks, rivers and wetlands that have cultural significance to First Nations people. These systems offer an opportunity for First Nations people to promote and enhance their culture through cultural and eco-tourism. Proposed Recommendation: That the ability to support First Nation communities through our proposed recommendations in Topic 1 be considered by the panel.

9. If implemented, do you think our recommendations would make a difference or have a benefit to you and/or your community?
   Yes. We have First Nations communities in our area of operations and initiatives to improve social, cultural and economic outcomes are welcomed.

Implement water reform with greater care so potential harms are minimised

This section encompasses the following categories:

- From this point on, governments should match the pace of all further water recovery to the capacity of systems and communities to absord and adjust change
- Basin communities need greater clarity around river operations
- The quality, timeliness and awareness of indicators related to wellbeing and the environment need to be better
- Research and innovation need more focus on helping farm businesses transition to flexible farming systems
- Moving towards more sustainable irrigation infrastructure

10. To what extent do you agree or disagree with the Panel's key findings and recommendations, and why? Please provide as much detail as possible.
    Recommendations 2 – We do not agree with the terminology 'relaxation of deliverability constraints'. This recommendation needs to be more carefully specified and globally is a dangerous statement. Achieving environmental outcomes for water delivery in rivers should be within the natural environmental constraints of that river system. We need to work within these natural constraints and not relax them. Existing above and below the choke trade rules need to be strongly adhered to and enforced so that a continuing unsustainable shift of water activity occurring along river networks are controlled and underpins delivery efficiency and reliability. We are concerned that "relaxation of delivery constraints" will be interpreted as a green light to shift large volumes of water downstream leading to an unsustainable shift in water use profiles and delivery inefficiencies. There is a need for strategic oversight and sensible views where water is used and where the river can be operated in the most efficient way. Although some constraints might be relaxed in order to reduce water losses, we are not convinced that this is desirable if in the long run it reduces the sustainability of the river. Recommendation 6- We agree with this recommendation. An unintended consequence of water reform has resulted in a change of the water demand profile down the river system, if this is not addressed immediately, this trend will continue exacerbating the cost to address this in future. Following from recommendation two, there is a need for strategic oversight and development in the correct

places versus the realities of market-based mechanisms and drivers. We recommend that the current water use zones are reviewed to identify a sustainable volume of entitlements and subsequent flow rate of water use that could occur from a long term sustainable flow perspective given the intention for environmental flows to be delivered in addition to these volumes. The principles of market trade to meet National Water Initiative principles within those zones and between some of those zones should be adhered to continue to promote productive use of water. These zones will then help to underpin production of specific products within those zones to diversify productive agriculture and underpin food security for Australia, for example dairy and rice. Water simply going to the highest value market is not necessarily a "good" thing for Australia and instead other important factors such as domestic food reliability and the value-adding processing chain should be considered. For some agricultural areas that have plantings with long term water use commitments, future new developments should require approvals in the context of how water will be delivered given known trends of water availability and impacts on third parties. This should be considered given the very high capital costs of establishment, maintenance and implications on that development and surrounding communities in the event water does not become available. Further recovery of environmental water is likely to place more pressure on natural restrictions, resulting in third party impacts with over banking, erosion, unnatural flooding and high losses from inefficient delivery. Instead of trying to achieve unattainable flow targets by 2024, this should be replaced with a focus on achieving maximum environmental outcomes with water already recovered as outlined in our proposed recommendation under Question 11 of this survey. Recommendation 18 – We agree with this recommendation. This should also extend to all infrastructure investments where its depreciation and maintenance can have an impact on irrigators. When [redacted] became privatised, we inherited a nationally significant infrastructure development built by government to be part of a food bowl for Australia. Our area of operation covers an area of nearly 750,000ha supplying water to towns, domestic water users, stock, growing crops and delivering bulk water for WaterNSW and for environmental purposes. Over $300M of government and company funds have been invested in the last eight years to provide a modernised, efficient and highly accountable delivery system. We now find ourselves with less water to deliver yet we have a modernised delivery system with higher depreciation and maintenance costs due to the nature of more technically advanced delivery infrastructure. Like the environment, [redacted] also needs critical volumes of water to support community sustainability and financially support our infrastructure base. Recommendation 14- We agree with this recommendation. Similar to metrics for using water to grow food, farmers have a strong drive to use their water most efficiently to generate most output from their crops such as tonnes/ ML. The same principles need to apply for water used for environmental purposes. If that water is not achieving the outcome intended, it should be used in an area that achieves greater outcomes in terms of ecological outcome per ML or sold back into the consumptive pool for food production. Recommendation 15- We agree with this recommendation. Long term research and innovation funding for farms and diversification will be fantastic for this region and this would again be linked to the Development Corporation model outlined under Question 5 of this survey.

11. Are there any significant gaps? What are we missing?

We would like to ensure that our society does not lose sight of what is important in this basin plan. Our region was set up to establish a food bowl for Australia and the current COVID19 crisis creates an opportunity to reflect on this importance and reset the direction of the basin plan implementation. We recommend the following items be included in the report: 1. Focus on Achieving Outcomes The independent assessment panel have identified some very concerning observations within the basin and need to make these concerns very clear with major changes recommended. The first key change is to make a strong case that no further water recovery from the consumptive pool is to continue and instead now focus on the next phase- maximising environmental outcomes. Consumptive water delivered under normal operations has an environmental benefit. We firmly believe that governments have acquired enough productive water for environmental purposes and the focus must now shift to achieving environmental outcomes with that water. This means a focus to achieving outcomes for the 605 SDL target and to also include these same offsets for the 450GL target. This shift in focus will immediately improve the wellbeing and investment confidence of impacted communities and transition to a more proactive mindset of communities to achieve innovative environmental outcomes rather than continue to engage in a protracted resistance of the "economic threat" that water recovery imposes on these communities. In [redacted] there exists around 2,000 wetlands on private properties and more than 2,000km of permanent and ephemeral creeks and rivers. All these systems can be enhanced for improved environmental outcomes with comparatively small amounts of water. Our experience is that many of our farmers are very concerned about their local environment and when given the opportunity in the past have embraced the initiatives. Those same opportunities should be presented for the future. The basin plan should be flexible enough to adapt to new and exciting ideas that can achieve environmental outcomes in collaboration with those impacted communities. Proposed Recommendation: That no more recovery of consumptive water is to occur with the future to focus on maximising environmental outcomes with water acquired to date. 2. Benefits of Irrigation & Storage Systems The basin plan should also acknowledge the benefits of storage and irrigation infrastructure for maintaining certain critical ecological functions in parts of the basin. In the southern basin, large storage systems meant water could be captured and released down the river over successive years. These flows meant river connectivity, fish survival and ability to manage flows for environmental benefits and productive use. If we compare to parts of the northern basin where larger storages were not available, the resulting drought meant wide-scale fish kills and the collapse of aquatic ecosystems. Nature is not perfect either and irrigation infrastructure is not necessarily "bad" for the environment, instead it also offers an opportunity for delivery of efficient and targeted flows for environmental outcomes. An excellent example was in 2016 where Murray Irrigation Infrastructure delivered water oxygenated by its regulator infrastructure into a hypoxic blackwater flooding system at strategic sites to generate fish refuge areas and prevent mass fish kills. Proposed recommendation: That the environmental benefits of irrigation and storage systems be further investigated and acknowledged in the Basin Plan. 3. Future storages Parts of the basin lack suitably sized storages to harvest water during high rainfall events which can then utilise that water for either consumptive use or environmental purposes over successive years. If this kind of investment had occurred in certain parts of the basin, critical flows would likely have prevented the collapse of aquatic ecosystems. In the

southern basin, storage systems from the Hume, Dartmouth and Snowy enabled these benefits to occur in the last two years. If the government wants to recover more water, it should be through investing in larger storage systems in certain parts of the basin rather than target existing consumptive users of which associated communities clearly rely on that water for its prosperity. Proposed Recommendation: That future large storage infrastructure be investigated as a form of water recovery so that, along with consumptive use, they can provide critical base flows in vulnerable river systems during extended dry periods. 4. The cost of water reform The Basin Plan should acknowledge the annual and long-term economic cost of water reform from productive agriculture to date, the associated impacts to dependent communities and to the Australian economy. To some degree this may be offset with environmental benefits, but we should be clear about what economic impact this has once water, that was destined for productive use is now used for other purposes. Acknowledging this cost helps to set the benchmark for future financial support of impacted communities which may then be reinvested through Development Corporation model. Proposed Recommendation: That the annual and long-term economic cost of water recovered to date from the Basin Plan be calculated and acknowledged so the impacts are clear to Australians and this may form funding principles for future Development Corporations.

12. If implemented, do you think our recommendations would make a difference or have a benefit to you and/or your community?
    Yes. On balance we welcome these recommendations, however if the suggestions in the significant gaps (Q11) are adopted this will make a very significant difference and represent an exciting turning point for the Basin Plan.

Support the capacity of communities to adapt to change

This section encompasses the following categories:

- Basin communities need greater clarity around river operations
- The quality, timeliness and awareness of indicators related to wellbeing and the environment need to be better
- The Australia Government needs to further invest in regional connectivity in the Basin

13. To what extent do you agree or disagree with the Panel's key findings and recommendations, and why? Please provide as much detail as possible.
    Recommendation 14- We agree with this recommendation. The Basin communities social and economic wellbeing could be linked to Development Corporations outlined in Question 5 of this survey.
14. Are there any significant gaps? What are we missing?
    No
15. If implemented, do you think our recommendations would make a difference or have a benefit to you and/or your community?
    Yes

Address critical and urgent gaps in wellbeing, infrastructure and services

This section encompasses the following categories:

- The Australian Government needs to further invest in regional connectivity in the Basin
- Basin regions and towns facing acute social and economic issues needs immediate support

16. To what extent do you agree or disagree with the Panel's key findings and recommendations, and why? Please provide as much detail as possible.
    We agree with the panel's recommendations.
17. Are there any significant gaps? What are we missing?
    Government Office Locations To support communities negatively impacted by water reform, relatively simple activities from governments can make a big difference in those communities. A key one is governments opening new offices in local towns and the associated employment of staff, who are professionals with careers that bring their families and contribute to the diversity, culture, economic prosperity of that community and ultimately its wellbeing. Governments can directly invest in these impacted communities through new offices or from decentralising office locations from larger centres. Governments should also continue to support those entities that are already present, as there is risk that when service contracts are short term, they can be lost, and this benefit quickly vanishes. Proposed Recommendation- That all forms of government try to support impacted basin communities through the location of new or decentralised offices to these centres as this creates an immediate and positive benefit to those communities.
18. If implemented, do you think our recommendations would make a difference or have a benefit to you and/or your community?
    Yes