

DRAFT

Call for Action on Murray-Darling Basin

February 2020



Mildura Rural City Council

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Context

Mildura Rural City Council (MRCC) is located in north-west Victoria and forms part of the broader Sunraysia community. Mildura is the Oldest Irrigation Settlement in Australia and is a major service centre for surrounding towns and communities including areas across the border into New South Wales.

Water is the lifeblood of our community. Healthy rivers underpin human, economic, social and environmental wellbeing in our community. Human health and the natural environment are closely linked: the health of human populations depends fundamentally on the quality of the environment in which we reside and on the capacity of the environment to provide goods and services

Water underpins our economy's tourism, manufacturing, wholesale trade, transport and storage operations which have emerged from over a century of horticultural and agricultural activity. None of this will be possible if we do not have water security for our economic and social future.

Sunraysia is an innovative community as evidenced by previous water efficiencies achieved in irrigation and is willing to explore opportunities for the development of new industries to create a secure socioeconomic future. This will also assist in evolving existing industries which will need to integrate the sustainable use of water resources.

Despite having no formal role in the institutional and governance arrangements for water, MRCC is well equipped to balance complex and often competing social, economic and environmental needs within our municipality.

MRCC is intimately connected with the local area, the river, ecosystems, topographies, communities, industries and interests that make up the local basin environment.

This position paper has been developed to assist MRCC in advocating on behalf of our community for improved management of the Murray-Darling Basin.

Vision

A sustainable Murray-Darling Basin that supports human, social, economic and environmental wellbeing in our community.

Call for Action

Mildura Rural City Council affirms its support for a holistic and balanced approach to water management and a desire for a sustainable Murray-Darling Basin. Council believes that a plan is necessary and calls for:

1. **A Federal Royal Commission into the management and sustainability of water in the Murray-Darling Basin with a full remit to conduct an independent audit on water saving schemes, trading, ownership, extraction and allocation and with the power to subpoena representatives including politicians, government agencies and peak bodies.**
2. **Greater cooperation between all states on implementing the Murray-Darling Basin Plan.**
3. **Commonwealth policy to be developed and implemented to assist communities that are negatively impacted by the Basin Plan's implementation and the unbundling of water from land.**
4. **Long-term solutions for the security of water delivery in the Murray-Darling Basin.**
5. **A published list of water holders in each irrigation system with 1,500 megalitres or greater.**
6. **All state and federal politicians to publicly declare their water holdings.**
7. **An independent Federal Water Ombudsman tasked with ensuring compliance of water saving schemes, trading, ownership, extraction and allocation.**
8. **A basin-wide audit of each state's compliance with its obligations under the Murray-Darling Basin Plan and this information to be made publically available.**
9. **Compliance, metering and regulation to be uniformly implemented throughout the Murray-Darling Basin.**
10. **Transparency on dam levels and associated water allocations.**
11. **A public information campaign educating the basin community on water management.**
12. **Water ownership rules to be amended so that water owners must have a water use licence and associated consumptive use to be able to trade water.**
13. **The implementation of a mechanism which supports increased transparency in the water market through providing real-time information on water price and amount of water available.**
14. **Agricultural expansion mechanism to be developed to safeguard against the issuing of water licenses that could damage existing horticultural developments.**
15. **A re-examination of current policies for managing water-use licences in Salinity Impact Zones.**
16. **Commonwealth financial assistance for communities negatively impacted by the implementation of the Murray-Darling Basin Plan.**
17. **Increased Commonwealth investment to preserve and enhance our region's capacity to sustain food and fibre production and enable new and enduring**

- economic activity and economic diversification to mitigate the long-term negative impacts of the Murray-Darling Basin Plan.**
- 18. Further independent research and analysis on the socio-economic impacts of the Murray-Darling Basin Plan's implementation on basin communities.**
 - 19. A mechanism to allow the needs of tourism operators to be heard and considered by water system managers and regulators.**
 - 20. A sustainable approach to watering significant environmental assets which balances social, economic and environmental needs.**
 - 21. An increased level of public reporting on the evaluation and outcomes of the use of environmental water readily available to the community.**
 - 22. Formal reference groups for the prioritisation and delivery of environmental water.**
 - 23. The implementation of environmental watering plans that also ensure potable water quality and supply is protected.**
 - 24. The Federal Government to take additional policy control to ensure common interests are protected for all.**

Council's position

Water Management in the Murray-Darling Basin

Council has made previous submissions throughout the development of the Murray-Darling Basin Plan (the Plan) and its implementation. Council has remained consistent in its support for a holistic and balanced approach to water management and has a strong desire for a sustainable Murray-Darling Basin. This includes aspiring to achieve social, economic and environmental outcomes for all stakeholders in the Basin.

Council acknowledges that the management of water resources in the Basin is complex, involving different regimes in the four states through which the Murray and Darling rivers and their tributaries flow.

In times of abundance, all water entitlements can be taken up to sustain human life and agricultural production, with enough water remaining to keep our rivers and streams flowing and delivering a healthy environment in the Murray-Darling Basin.

However, it is generally accepted that water resources of the Murray-Darling Basin have, to varying degrees across the Basin, been over used and under regulated, particularly in the northern Basin. This has become most obvious during times of low rainfall and drought.

Different allocation practices across the states means different economic and social outcomes for communities. This was particularly evident in the millennial drought where over use of water combined with drought resulted in environmental stress in almost all of the Murray-Darling Basin.

Prior to the implementation of the Murray-Darling Basin Plan, in times of scarcity, it was the entitlement holders who took first rights to water, and the environment only received any water left over. This meant that ecosystems that depend on our rivers and streams suffered greatly. It is widely recognised among communities and water resource managers that water resources had been over used well before the millennial drought.

The Commonwealth's Water Act ratified in 2007 sought to optimise social, economic and environmental outcomes from water allocation. The Plan was developed to progress those objectives. The Plan identified that water needed to be returned to the environment as a priority. To meet this priority, 2,750 giga-litres of water was to be taken from productive consumption. Many mechanisms have been identified which are intended to be used to obtain these savings, including on-farm efficiency programs and irrigation system modernisation to reduce system losses and an extensive campaign of entitlement buybacks by the Commonwealth and State governments.

Water savings have come through on-farm efficiency programs and irrigation system modernisation, resulting in a significant investment in irrigation infrastructure both prior and subsequent to the introduction of the plan. This investment has employed and supported many local people and enabled local businesses to remain operational during what otherwise would have been financially devastating times. However, as maximising efficiencies and spending concludes, this benefit to the community will be diminished.

In order to offset this impact, a range of Commonwealth policy and investments should be pursued that would continue to support areas such as innovation in agriculture, rural and regional entrepreneurialism, renewable energy and network augmentations, digital connectivity, population growth, as well as improving connectivity and access to markets.

Council calls for:

- **A Federal Royal Commission into the management and sustainability of water in the Murray-Darling Basin with a full remit to conduct an independent audit on water saving schemes, trading, ownership, extraction and allocation and with the power to subpoena representatives including politicians, government agencies and peak bodies.**
- **Greater cooperation between all states on implementing the Murray-Darling Basin Plan.**
- **Commonwealth policy to be developed and implemented to assist communities that are negatively impacted by the Basin Plan's implementation and the unbundling of water from land.**
- **Long-term solutions for the security of water delivery in the Murray-Darling Basin.**

Governance, Transparency and Accountability

There needs to be an increased level of public reporting on the evaluation and outcomes of the use of water readily available to the community. A transparent process that allows the community to view where water is being used, how much is used and the environmental, social and economic benefits, would provide a broader community understanding of the process and outcomes. There needs to be an increased level of confidence in the system and a commitment to ensuring appropriate monitoring and enforcement where appropriate.

MRCC would like to see a published list of water holders in each irrigation system with at least 1,500 mega-litres, as well as a requirement for all state and federal politicians to publically declare their water holdings. Introduction of an independent body, such as a Federal Water Ombudsman, that has the power to investigate any water related issue across jurisdictions and state borders, would provide increased community confidence and compliance in how water is used and managed by government bodies and licensed users.

A basin-wide audit of each state's compliance with its obligations under the Murray-Darling Basin Plan would also strengthen the Plan's transparency and accountability. This information should be made publically available.

Council calls for:

- **A published list of water holders in each irrigation system with 1,500 mega-litres or greater.**
- **All state and federal politicians to publicly declare their water holdings.**
- **An independent Federal Water Ombudsman tasked with ensuring compliance of water saving schemes, trading, ownership, extraction and allocation.**
- **A basin-wide audit of each state's compliance with its obligations under the Murray-Darling Basin Plan and this information to be made publically available.**
- **Compliance, metering and regulation to be uniformly implemented throughout the Murray-Darling Basin.**
- **Transparency on dam levels and associated water allocations.**
- **A public information campaign educating the basin community on water management.**

Water Markets – Trading and Ownership

The transparency in the water market has been a major concern for our community for some time. Council supports actions by the Victorian Government that improve transparency in the water market. Whilst a transparent water market will not bring down water prices, it will provide confidence that the water markets are working for irrigators and not being distorted. Council seeks a market that provides real-time information on price and amount of water available, increasing transparency whilst respecting commercial privacy. Water ownership rules need to

be amended so that water owners must have a water use licence and associated consumptive use to be able to trade water.

Council calls for:

- **Water ownership rules to be amended so that water owners must have a water use licence and associated consumptive use to be able to trade water.**
- **The implementation of a mechanism which supports increased transparency in the water market through providing real-time information on water price and amount of water available.**

Agricultural Expansion

There has been significant investment in permanent horticultural plantings over the past 20 years. These plantings are high value crops and can afford the cost of water, even when the price is high. If water is not available upon demand, yields can be severely reduced and plants can die, resulting in economic loss.

The ongoing expansion of irrigated agriculture upstream from Mildura, on both sides of the Murray River, is a major concern to this community. When another drought occurs, it is our view that these developments will further magnify the issues, creating an environment where large irrigators with the financial capacity will survive, while smaller irrigators including family farmers, unable to compete, will suffer significant hardship and decline. As a consequence, this would further weaken and destabilise the social and economic fabric of our community. This is a concern for all irrigation communities, particularly those downstream of the major developments.

The Water Minister recently called in all new water extraction licenses on the Murray system downstream of the Barmah Choke. Council supports increased scrutiny of all new water extraction on the Murray systems (Victoria and New South Wales).

We seek a mechanism to ensure that all three states that abut the Murray downstream of the Barmah Choke act responsibly and in a way that promotes further development but not at the cost of existing horticulture).

Recent changes to New South Wales policy allowing conversion of existing leasehold land (i.e. Western Lands) will enable a change of purpose restriction, allowing additional irrigation development. Given the area of land involved, this may have a significant impact.

Council calls for:

- **Agricultural expansion mechanism to be developed to safeguard against the issuing of water licenses that could damage existing horticultural developments.**

Salinity Impact Zones

In accordance with the *Victorian Water Act 1989* Salinity Impact Zones are identified for the Murray River irrigation corridor. The only High Impact Zone (HIZ) exists in MRCC covering the majority of the existing MOIA and further upstream between Red Cliffs and Nangiloc. The highest of the Low Impact Zones (L4) continues upstream from this point to the adjoining Hattah-Kulkyne National Park. In turn, lower impact zones (L3, L2) continue upstream from Hattah-Kulkyne to Nyah West but no further. All of the hinterland along this entire stretch of river from the South Australian border is identified in the lowest impact zone (L1).

Under the Water Act, progressively increasing charges where water is traded into an identified Low Impact Zone (LIZ) from a lower impact zone but not vice versa should be considered. In the case of the HIZ, the annual use limit for the land within the HIZ is capped at the level that existed immediately prior to the delegate granting or varying the water use licence, which means once water is traded out of the HIZ it cannot be traded back.

This approach differs to that applied by the South Australia Salinity Zoning Policy and its Water Use Efficiency Policy where calculations based on allowing only 15 per cent past the root zone determine the maximum volume to be applied to the land. A recent revision has removed differences between high and low impact zones. It is not clear whether any similar controls are being implemented in New South Wales. It seems that MRCC outcomes are different to elsewhere in both Victoria and the other states.

The combination of progressively reducing the cap for the HIZ and the application of progressively increasing charges for all the other zones amounts to an 'extinction policy' for horticultural irrigation for not only the MOIA but for the majority of existing MRCC horticultural areas. The lack of consistency indicates that there is a risk of continued disadvantage to the MRCC in the absence of a re-examination of the fundamental basis of technical analysis undertaken in the 1990's and the appropriateness of the existing policy in conjunction with a consolidated strategic approach aligned with MRCC best interests. In the immediate term this could look to secure Annual Use Licences (AULs) from leaving the existing areas to greenfield sites.

Council calls for:

- **A re-examination of current policies for managing water-use licences in Salinity Impact Zones.**

Community Sustainability

When the Murray-Darling Basin Plan was released anecdotal observations indicated that the consequences and negative impacts of the outcomes were less for Mildura than upstream areas, both within NSW in the northern and southern basin and within the Goulburn-Murray in Victoria. This observation did not emerge in the public reaction to the Plan however, with little

noticeable public debate regarding the impacts for Mildura in detail. Instead, a relatively polarised debate mirrored the ‘burning of the basin plan’ approach as in Griffith.

The inherent risks regarding the success of the Plan’s intended roll-out, in order for those lesser impacts to be realised, now remain. If the impacts were less for Mildura in the overall context of the Plan, then they must be greater for other areas and any lessening of impacts for those other areas could increase the impact for Mildura if the remaining available water were to be secured upstream.

Water becoming a tradeable commodity has undoubtedly caused significant hardship to some communities whilst benefiting others. Free market economics has driven water from use on lower value crops to higher value crops. The unbundling of water from land, which occurred prior to the Plan, has allowed trade to occur.

The full extent of the socio-economic impacts of the Plan is still unknown, despite the plan being ratified in 2012. Further independent research and analysis on the socio-economic impacts of the Plan on basin communities is needed. There is little evidence that adequate work has been done in this area and without a full understanding of the socio-economic impacts, it is unlikely that government policy will be developed to assist these communities and their ongoing sustainability. This must occur if we are to see an equitable implementation of the Plan. Council requests that the Commonwealth provides financial assistance and investment to those communities negatively impacted by the implementation of the Plan.

Council welcomes the independent panel which has been established to assess the social and economic conditions impacting communities across the Murray-Darling Basin. The draft Terms of Reference at item B proposes – *the review should take into account the ongoing structural changes in agriculture and communities in the Murray-Darling Basin, and seek to separate the effects of these trends, and events such as drought, from the effects of the water reforms including the Basin Plan.* Consideration also needs to be given to not only ongoing structural changes in agriculture and communities in the Murray-Darling Basin, but also the cumulative impact of these changes and individuals’ concerns for their own welfare and that of their communities.

Consideration should be given to balancing the allocation of water for irrigation, the environment and town water supplies, particularly given the Commonwealth and State Governments increasing push for population growth across regional Australia. A mechanism to allow the needs of tourism operators to be heard and considered by water system managers and regulators is also needed.

Council calls for:

- **Commonwealth financial assistance for communities negatively impacted by the implementation of the Murray-Darling Basin Plan.**
- **Increased Commonwealth investment to preserve and enhance our region’s capacity to sustain food and fibre production and enable new and enduring**

economic activity and economic diversification to mitigate the long-term negative impacts of the Murray-Darling Basin Plan.

- **Further independent research and analysis on the socio-economic impacts of the Murray-Darling Basin Plan's implementation on basin communities.**
- **A mechanism to allow the needs of tourism operators to be heard and considered by water system managers and regulators.**

Environmental Watering

The need for the maximised use of environmental water for the protection and restoration of environmental assets needs to be considered in conjunction with the political environment which competitively seeks to maximise consumptive use.

Council recognises the time and effort in identifying environmental assets of the region for environmental water. The MRCC is well positioned at the centre of the basin, adjoining a significant length of the Murray River with significant opportunity for potential gain from the use of environmental water. This is evident in the broad range of projects and initiatives being undertaken locally.

Local Government has no formal role nor responsibility for the development or delivery of the Water Resource Plan for our local area, however there would be benefit in Council being involved to provide broader community input. Local Governments could also play an increased role in the development, implementation and management of environmental water projects with a focus on ensuring the community is engaged and aware of the challenges, benefits and outcomes.

Council would support its inclusion in a formal reference group for the prioritisation and delivery of environmental water in the region involving relevant agencies to increase transparency and awareness. Council would anticipate this group would also include Lower Murray Water, Grampians Wimmera Mallee Water, Department of Environment, Land, Water and Planning, Parks Victoria, Landcare, Traditional Owners among others.

The Hattah Lakes environmental watering program is one of our most significant and iconic sites. There continues to be a significant amount of communication about the project during the construction of the pump delivery system and ongoing provision of water to the Hattah Lakes and associated floodplain. Other projects in the area are based around an engineering solution to deliver environmental water and include Mulcra Island and Lindsay River.

Possible uses for environmental water could include acidification monitoring and prevention, blue-green algae flushing and prevention, and control of pest flora and fauna. Council borders both New South Wales and South Australia so consideration needs to be given to tri-state, cross border, and local government priorities.

Proposals put forward for use of environmental water or Sustainable Diversion Limit associated projects should not be considered or undertaken without scientific evidence. A rigorous

process is required in the development and accountability of projects and the associated environmental impacts and benefits.

Council has a broad understanding of the monitoring and evaluation outcomes for environmental water sites, limited to the information that is available to the general public. There needs to be an increased level of public reporting on the evaluation and outcomes of the use of environmental water readily available to the community. A transparent process is required that allows the community to view where water is being used, how much is used and the environmental benefits, providing a broader community understanding of the process and outcomes.

The current approach seems esoteric and agency-dominated due to the technical expertise necessary to effectively engage and/or debate the issues, which are important to the MRCC community. Improvement in community understanding is necessary, together with separation of the political manoeuvring regarding the perceived economic and social impacts, thereby enabling improved transparency to the process. The current cross-over between approaches which seek to implement the management obligations to protect and restore environmental assets and those which seek to deliver improved environmental outcomes under the Sustainable Diversion Limit Adjustment Mechanism in the Plan provides confusion.

An indication of this is the adversarial nature of the discussion around any matter relating to the Plan at various levels of government. This leads to the perception that self-interest dominates decision making rather than sound, scientific and collaborative outcomes that benefit the environment and the community.

Council calls for:

- **A sustainable approach to watering significant environmental assets which balances social, economic and environmental needs.**
- **An increased level of public reporting on the evaluation and outcomes of the use of environmental water readily available to the community.**
- **Formal reference groups for the prioritisation and delivery of environmental water.**
- **The implementation of environmental watering plans that also ensure potable water quality and supply is protected.**

Common Interests

The impact of the current changes along the Lower Darling River are of particular importance within the region. Reduction in Lower Darling horticulture and the Broken Hill pipeline from the Murray (to source Broken Hill water from the Murray instead of the Darling River and Menindee Lakes) raise serious questions for the future.

The Menindee Lakes project to reduce evaporation could see a significant reduction in water held at Menindee, with the water diverted for other purposes. These measures could result in

less water reaching the Menindee Lakes and even when water may get there in a flood, it may allow water to make its way to the Murray far quicker than would naturally occur.

This has significant implications for the environment (i.e. the Menindee Lakes, Lower Darling, Darling Anabranch and the Murray downstream of Wentworth), which has flora and fauna that 'evolved' under a flow regime, including input from both the Northern Basin (Barwon-Darling system), and the southern rivers (Murray, Murrumbidgee, Goulburn etc). The project is likely to impact on the ecology of the whole Southern Basin – the Barwon-Darling-Murray pathway is critical to Golden Perch breeding, and the Lower Darling cod population is critical if the Murray has blackwater fish kills every time it floods now.

These measures would also potentially facilitate northern New South Wales irrigators to carry on extracting at the current (or even increased) levels, because if New South Wales allow the water to get to Menindee Lakes it becomes 'shared' with other states. Reduced flows from the Darling would potentially impact licence holders in the South (NSW Murray and Murrumbidgee, VIC Murray, Goulburn etc) because South Australian entitlements may have to come from these places instead of the Menindee Lakes.

The Broken Hill pipeline has made the town reliant on the Murray instead of the Darling. There was no public business case for the pipeline and it has already been built – it does not run via Pooncarie, lower Darling horticulturalists or the town of Menindee. It has also potentially increased the dependence on the Southern rivers to meet South Australia's entitlements (and in turn impacted allocations for southern basin users). The project will allow increased cotton production in the north and provide a reliable water source for any increased mining in far west New South Wales. In addition, given that substantial areas of tree clearing has continued within the Murray-Darling Basin catchment, there is a risk that the impacts on downstream users will generally increase as a result.

The Barmah Choke provides physical constraints on the delivery of water by restricting the flow of the Murray to around 10,000 mega-litres per day (the lowest flow in any stretch). A default trade restriction is in place at the Choke to deliver a trade balance which requires that trade downstream of the Choke may only occur when there is sufficient matching trade capacity available in the opposite direction. This means that people upstream of the Choke can sell water to buyers downstream of the Choke, but only if the same or greater volume of water has been transferred from downstream to upstream of the Choke first.

An area of concern therefore is this additional pressure for available water to head upstream and with consequential risk of supply issues during heatwave or drought conditions. Heightened concern arising from Lower Murray irrigators' demand peaking at 7,000 mega-litres per day during heatwave conditions is coupled with existing increased irrigation demand anticipated from continued growth in permanent plantings. This is in conjunction with diminished contribution from the Murrumbidgee River as a consequence of mainly cotton irrigation development and uncertainty regarding the impact of the de-commissioning of two Menindee Lakes in New South Wales.

In light of the repercussions arising from the instances above and others, it is therefore both beholden upon and within the power of the Federal Government to take additional policy control to ensure common interest are protected for all.

Council calls for:

- **The Federal Government to take additional policy control to ensure common interests are protected for all.**

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