



Inquiry into the Management, Governance & Use of Environmental Water

Victorian Farmers' Federation Submission

August 2017

The Victorian Farmers Federation

The Victorian Farmers Federation (VFF), Australia's largest state farmer organisation and only recognised consistent voice on issues affecting rural Victoria, welcomes the opportunity to comment.

Victoria is home to 25 per cent of the nation's farms. They attract neither government export subsidies nor tariff support. Despite farming on only three per cent of Australia's available agricultural land, Victorians produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our State's dairy, livestock, grains, horticulture, flowers, chicken meat, pigs and egg producers.

The VFF consists of a nine person Board of Directors, with seven elected members and two appointed directors, a member representative General Council to set policy and eight commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based staff.

Each VFF member is represented locally by one of the 230 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views on hundreds of industry and government forums.



David Jochinke

President

Victorian Farmers Federation

Farrer House

24 Collins Street

Melbourne 3000

p 1300 882 833

f 03 9207 5500

e vff@vff.org.au

w www.vff.org.au

Contact: Alastair Hilli

Policy Advisor

Foreword

The Victorian Farmers Federation welcomes the opportunity to comment on the Inquiry into the Management, Governance and Use of Environmental Water.

The VFF is a long standing advocate for achieving effective environmental, economic and social water outcomes. The Victorian Environmental Water Holder (VEWH), along with their Federal counterparts, owns a significant portion of all water entitlements in Australia. Irrigators, through buybacks and other schemes have been the major contributors to environmental water and environmental management and as such have an integral interest in its effective management.

Introductory Comments

The terms of this inquiry allow for comment on some critical environmental issues which have implications beyond environmental outcomes. Irrigators as key stakeholders have a keen interest in the attainment of environmental outcomes because our ecosystems are interdependent.

Environmental outcomes have a direct correlation to factors such as water quality which directly affect irrigators. Beyond water quality, irrigators are also the backbone of our rural communities, like everyone else, they want to avoid environmental failures such as blackwater and see effective environmental water delivery.

Summary of Recommendations:

- *Management of blackwater events must hinge on the preparation of environmental water holders and the CMAs in reducing the organic matter load on floodplains deemed at risk of causing a blackwater event.*
- *Regulated storage releases for flood mitigation, where possible, should correspond with the environmental water holder's seasonal watering plans, in exchange for a corresponding reduction in environmental water holder's seasonal determination and storage fees.*
- *Storage fee differential between water users and non-water users in the Goulburn and Murray systems is inequitable. Water users' fees should be reduced to align down to non-water users fees.*

Managing Blackwater

'The assessment of the role of environmental water management in preventing or causing 'blackwater' events'

As part of this inquiry the VFF have an interest in establishing a record of the timing, extent and location of blackwater events and the reasons for their occurrence. Environmental water holders have a significant parcel of available water for mitigation of preventable environmental events and blackwater must be a key consideration for their portfolio.

It is critical the State & Federal Environmental Water Holders, along with the CMAs are working closely to prevent where possible and mitigate the impacts of blackwater events. The CSIRO (Darren Baldwin, 'Devices for Blackwater' CSIRO) recognises the significance of blackwater following drought:

"Following a decade-long drought, substantial areas of floodplains in the southern Murray–Darling Basin were flooded during the summer of 2010/11. Microbial respiration of the large amount of dissolved organic carbon mobilised from the floodplain depleted dissolved

oxygen to such an extent that more than 2000 kilometres of river channel were affected by ‘hypoxic blackwater’”

The Bureau of Meteorology has acknowledged the Australian climate is changing. We are seeing more frequent periods of extended dry and wet and more volatile weather events. In this context, managers of environmental water have a critical role in finding equilibrium.

Clearly, the drought prior to flooding played a significant role in the contribution to blackwater events in 2010/11. Whilst the VFF acknowledge the VEWH perspective that there is insufficient environmental water available to ‘clear’ blackwater using environmental flows, there is opportunity for risk mitigation prior to these uncontrollable flooding events.

Flooding areas ‘at risk’ to the build-up of organic matter and potential subsequent blackwater events can be managed through more frequent environmental watering to those areas. The more frequent flooding reduces the build-up of organic matter and lowers the risk of blackwater when flooding does occur.

Recommendation: Management of blackwater events must hinge on the preparation of environmental water holders and the CMAs in reducing the organic matter load on floodplains deemed at risk of causing a blackwater event.

The VFF welcomes the VEWHs existing commitment to reducing blackwater risks through targeted flooding and encourages its continuation.

Quick responses following flooding

Managing environmental flows is a complex exercise. Although, our systems are typically regulated, often water is covering significant distances to reach the desired target. For this reason, frequent monitoring of water sources, and collaborative reporting are essential for managing blackwater. The sooner the issue can be identified, the sooner environmental flows, if appropriate, can be directed.

Barriers for Environmental Water Use

‘Consideration of what barriers exist to the more efficient use of environmental water and how these may be addressed’

As the flows for environmental entitlement holders have increased, competition for channel space is also increasing; however these challenges are associated with some critical risks:

- Liability to third parties;
- Equity with other water users;

Liability

The priorities for environmental watering must be considered in the context potential third party consequences. Whilst environmental watering which encroaches private land may ultimately provide benefit to that ecosystem, the VFF remind this committee of the potential economic consequences of this encroachment. Clearly, in times of high natural flows, the potential liability for the environmental water holders is higher and the risk mitigation is a greater importance. On the face of it, the VFF encourage removal of barriers to efficient use of environmental water, however highlight strong consideration must be given to potential risks.

Equity

Irrigators need water delivery at key times throughout their respective growing seasons. Clearly, there may be times when environmental water users and irrigators are competing for channel capacity to deliver their water. Whilst this competition may be viewed as a barrier for delivery of environmental water, the VFF encourage recognising the importance of delivering irrigation water at key times for the socio-economic sustainability for our local businesses and communities.

Environmental seasonal watering plans ought to recognise the interests of other water users in conjunction to prioritising use for environmental outcomes.

Carryover

‘How environmental water and environmental water managers interact with, and utilise, management tools such as carryover and whether the carryover of environmental water impacts on the availability of water for irrigators’

Carryover

The VFF are strong supporters of carryover policy. Carryover is an important tool for irrigators in managing their businesses; it provides critical flexibility and allows for increased regional socio-economic benefit when seasonal weather events mitigate the need for full seasonal determinations.

Like productive entitlement holders, the environmental water holder utilises carryover as an important management tool. The VFF is supportive of carryover for all entitlement holders, however encourages this inquiry to assess potential revisions to the carryover to the extent the environmental water holder attains an inequitable benefit.

As reported in the Victorian Environmental Water Holder annual report (2015-16)(p19), the VEWH carried over ~38% of their water availability, 414,232ML into the 2016-17 season. Unfortunately, at the time of this submission, the Victorian Environmental Water Accounts for 2015-16 are yet to be released. For the purpose of comparison, in the 2014-15 VEWH carried over 35%, 344,011 ML of their entitlement. In the Northern region, the VEWH carried over 281,720.8 from 2014/15 season, of which 700ML was lost to spill. (VEWH annual report 2016, p27).¹

46,276 ML was written-off due to actual spill events in 2014–15, although this was this is considerably less than the 603,118 ML written-off due to spill events in 2013–14.

Whilst we understand the VEWH requires flexibility in managing their resources, we need to acknowledge the benefit the environment receives regardless of the timing of release. Any spilled water ultimately flows to the environment, and to the desired area at the discretion of the environmental water holder.

¹ The VEWH has access to water from a range of sources including the CEWH and the MDBA (through the Living Murray Program). This means, the numbers quoted may not directly reflect the VEWHs environmental water and or carryover position as they can include water held for these entities.

- What about regulated (also called ‘pre-determined’) releases for flood mitigation?

Storage spills occur in two key ways, physical spills as a result of excess inflows (i.e. rainfall is greater than the capacity of the system) usually occurring over the spillway or through regulated releases. Of interest to the VFF are the regulated releases. That is, the releases, which on advice of the potential inflows, the storage manager uses to control flows for flood mitigation.

These organised spills often mirror the environmental water priorities and at a time which is similar to their seasonal watering plans. For this reason, the VFF propose the inquiry consider managing regulated releases to correspond with environmental watering events and this water should be drawn from their seasonal determination because it is water excess to their entitlement. This approach continues to allow environmental water holders to manage environmental water at a time of their discretion.

In the current framework, environmental water holders attain the benefit of regulated spills without cost of coming from their entitlement. This benefit comes at the expense of irrigators as the environmental water holder is using an inequitable share of dam space (when these spills are added to their entitlement).

Should the VFF’s proposal be accepted, the environmental water holder should be offered a reduction in dam storage fees as consideration for the proposed change.

Recommendation: Regulated storage releases for flood mitigation, where possible, should correspond with the environmental water holder’s seasonal watering plans, in exchange for a corresponding reduction in environmental water holder’s seasonal determination and storage fees.

Environmental Fees & Charges

‘Assessment of fees and charges applied to environmental water and whether these differ from those imposed on other water users.’

The VFF have long standing views for pricing equity. Water in Australia has a long history, first in its partnership with land titles and more recently as an independent property right. As a result of these

changes, some pricing in the Murray Darling Basin has discrepancies depending on whether the water is tied to the land or not.

Goulburn Murray Water’s pricing list for 2017-18 shows storage fees for water users and non-water users in \$/ML. “Water users” are entitlement holders who have their entitlement tied to the land, whereas “non-water users” are those entitlement holders whose water is disassociated from the land. Typically, water users are irrigators and non-water users are environmental water holders and investors. The issue with these categories is not the segregation, rather the pricing differential between the categories in the major irrigation systems.

See in the Goulburn and Murray systems (Table 1), the non-water users are paying less for the entitlement storage than water users. In effect, the differential has the irrigators subsidising non-water users such as environmental water holders and investors. In these larger systems, all water is unbundled from the land so the differential makes little sense. Add to that the fact that regardless of whether the water is used or not, the water needs to be stored. The fact there is a difference between pricing is unusual and ought to be rectified to create a more equitable market.

ENTITLEMENT STORAGE	UNIT	BASIN						
		Broken	Goulburn	Campaspe	Loddon	Bullarook	Murray	Ovens
WATER USER								
High Reliability Water Share Entitlement Storage	\$ / ML	10.70	10.70	10.70	10.70	10.70	13.21	13.21
Low Reliability Water Share Entitlement Storage	\$ / ML	5.24	5.24	5.24	5.24	5.24	5.02	
Spill Reliability Water Share Entitlement Storage	\$ / ML							5.02
NON WATER USER								
Service	\$ / Account	110.00	110.00	110.00	110.00	110.00	110.00	110.00
High Reliability Water Share Entitlement Storage	\$ / ML	48.00	7.20	25.18	42.74	411.86	8.90	60.53
Low Reliability Water Share Entitlement Storage	\$ / ML		3.70	15.54		249.55	4.05	
ABOVE ENTITLEMENT STORAGE								
Above Entitlement Storage	\$ / ML		3.70	15.54			4.05	

Table 1: (Extract) Goulburn Murray Water Entitlement Storage Fees, GMW 2017/18 Price List.

Recommendation: Storage fee differential between water users and non-water users in the Goulburn and Murray systems is inequitable. Water users fees should be reduced to align down to non-water users fees.



Victorian Farmers Federation

Farrer House

24 Collins Street

Melbourne 3000

p 1300 882 833

e vff@vff.org.au

f 03 9207 5500

w www.vff.org.au