



## **Proposed Amendments to the Murray Darling Basin Plan**

**Victorian Farmers Federation Submission**

February 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 on the telecommunications USO.

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](mailto:vff@vff.org.au)      w [www.vff.org.au](http://www.vff.org.au)

**Contact: Alastair Hilli**  
**Policy Advisor**

## Foreword

The Victorian Farmers Federation welcomes the opportunity to comment on the proposed amendments to the Murray Darling Basin Plan.

The VFF have previously provided submissions on the development of and changes to the Plan. The regulation of the Murray Darling Basin has a considerable impact on a large portion of our members and it is important the interests of the Victorian Farmers as key stakeholders in the plan are considered.

## Introductory comments

Victorian irrigators have rapidly increased their efficiency since the introduction of the basin plan in 2012. Agriculture and industry has adapted to less water and we continue to recognise the importance of equity in the triple bottom line to all agricultural regions.

Despite the need for balance, the current approach is hindering progression of our local communities and businesses. The proposed reduction in the northern basin was based on socio-economic review of the northern basin and we urge the same opportunity for review for the southern basin.

Recovery of water should always attempt to minimise the negative socio-economic outcomes. We hope the MDBA keeps this front of mind now and in the future.

## Victorian Farmers Federation recommendations

1. The southern basin must be guaranteed of a socio-economic review, including a review of the proposed 450GL, the same as has been afforded to the northern basin.
2. Northern basin reduced recovery targets must not reduce inflows into the southern basin, including during below average rainfall years.
3. Continue exploring opportunities for increased groundwater utilisation and removal of barriers to trade.
4. Reduce negative socio-economic impacts of water recovery by extending the SDL adjustment date to 2019 to coincide more closely with the SDLs taking effect.

# Northern Basin & Southern Basin

## Same Opportunity for Southern Basin

The removal of water from productive use is impacting our farmers, towns and communities. The southern basin needs a review as our recovery targets are excessively restricting regional Victoria economic growth.

The northern basin has benefited from a review of the socio-economic implications of the basin plan on their towns and communities. MDBA has recognised the socio-economic benefit of rebalancing the recovery target “Reducing the water recovery target from 390 GL to 320 GL in the north will save about 200 jobs in irrigation dependent communities while continuing to deliver about the same level of environmental outcomes.”<sup>1</sup>

In 2015, the VFF submitted to the Murray Darling Basin Plan Select Committee “the initial impact of water recovery for the Basin Plan has already resulted in sharply increasing prices for temporary water, uncertainty about the future of irrigated agriculture, closure of businesses and families moving away from regional towns.” Now two years on, we have increased our knowledge on the socio-economic impact of the basin plan.

The GMID Leadership Forum Report<sup>2</sup> highlights the socio-economic influence of the Basin Plan on the GMID. Data estimating the annual economic impact of the basin plan on the GMID “shows that the reduced irrigated production and processing associated with buy-back to date will result in a fall in the gross regional product by \$202M per year with an associated loss of over 1,000 jobs, with half of those jobs lost in flow-on effects for the regional community beyond irrigation.”<sup>3</sup>

The impact of the basin plan is occurring now. Socio-economic reports, including those from the basin states, continue to recognise the socio-economic impact of water recovery. The reduction in the northern basin review afforded the opportunity to review water recovery and we strongly encourage similar analysis on the southern basin in 2017.

## Impact of the Northern Basin

The VFF notes less water in the northern basin could reduce water inflows into the southern basin. The Northern Basin Review recognised that reduced targets in the northern basin will reduce inflows into the Menindee Lakes.<sup>4</sup> The MDBA suggest the changes to the northern basin will have no material impact on the southern basin. However, considering the variability in flows into the Menindee Lakes, we hope this assessment has not only considered average flows but the impact of reduced flows into the southern basin in below average rainfall years.

---

<sup>1</sup> Media Release, ‘Proposed Basin Plan Amendments to save jobs and deliver for the environment’, MDBA, 22 November 2016.

<sup>2</sup> GMID Water Leadership Forum, *Basin Plan – GMID Socio Economic Impact Assessment*, RMCG (2016).

<sup>3</sup> GMID Water Leadership Forum, *Basin Plan – GMID socio-economic impact assessment*, RMCG (2016) p 54.

<sup>4</sup> Northern Basin Review (MDBA), p 31.

## Groundwater

The VFF supports the proposed increase in the Goulburn Murray groundwater SDL.

The VFF continues to advocate for increased utilisation of groundwater. The current basin wide groundwater SDL is 3,334GL/y<sup>5</sup>, yet the current average basin wide take is just 1,374GL/y.

Increased climate variability and competition significantly increase the opportunities for the development of groundwater. The VFF supports opportunities for the expansion of groundwater SDLs and opportunities for trade.

Whilst the VFF support increase to the Goulburn Murray groundwater SDL, it is understood the change is unlikely to increase water available for productive use. The Goulburn Murray SDL increase is based on 100% entitlement in the Katunga management plan but the Katunga management plan only allows for a maximum of 70% seasonal determination against entitlement.

The proposed introduction of *Basin Plan* section 10.21A (2) enforces groundwater management rules as mandatory. If successful, the unlikely deviation from the 70% seasonal determination in the Katunga management will prevent any increase in the available water for productive use.

## Other practical Basin Plan proposed amendments

Many of the proposed practical changes have limited impact on Victoria. However, the VFF welcomes practical changes which aim to increase transparency and ease the burden of water recovery.

### 1. Shared Reduction

The amendment proposes the SDL adjustment mechanism for shared amounts should be extended to 30 June 2017.<sup>6</sup>

The VFF request the SDL adjustment date<sup>7</sup> be further extended until 2019 to align more closely with the SDLs coming into effect, because:

#### i) Modelling of SDL adjustment mechanism measures is incomplete.<sup>8</sup>

If there is a shortfall in the mechanism, shared reductions should be attributed to resource units which minimise negative socio-economic outcomes. These attributions cannot be made without accurate information and we will not have accurate information in 2017.

---

<sup>5</sup> Proposed Basin Plan Amendments: propose an increase of the basin-wide groundwater SDL from 3,334 to 3,494GL (an increase of + 159.9GL/y or 4.8%).

<sup>6</sup> *Basin Plan 2012* (Cth) s 7.23(3).

<sup>7</sup> *Basin Plan 2012* (Cth) s 7.23(3).

<sup>8</sup> SDL Adjustment modelling is not expected to be complete prior to 30 June 2017.

Current modelling of the SDL adjustment mechanism is incomplete. However, estimates suggest recovery less than 650GL is possible, meaning shared recovery will need to be apportioned to some resource units. Under the current SDL adjustment date, this will occur without accurate information.

**ii) Aligning the shared reduction with the SDL adjustment maximises opportunities for local communities.**

If the shared reductions are apportioned and opportunities such as local savings projects or infrastructure projects arise in a particular region, there is no flexibility to maximise those opportunities and attribute the shared reduction elsewhere.

Conclusion

The VFF have consistently advocated for recovery strategies which reduce negative socio-economic impacts whilst achieving desired outcomes. The SDL adjustment mechanism itself is one such example. An extension to the SDL adjustment date will achieve the same desired outcome whilst minimising negative socio-economic impacts.

The long term average SDLs do not take effect until 1 July 2019.<sup>9</sup> Whilst the VFF acknowledge it is not possible to directly align the adjustment and long-term averages dates, aligning the adjustment date more closely with the long term average allows for increased accuracy in modelling and increased flexibility in allocating shared reductions which will reduce the negative socio-economic impacts of recovery.

**2. Proposed changes to SDL resource units and compliance methodology**

The VFF welcomes the proposed boundary alignments and ten year rolling average compliance method for groundwater SDL resource units.

---

<sup>9</sup> *Basin Plan 2012* (Cth) s 6.04(1).



**Victorian Farmers Federation**

**Farrer House**

**24 Collins Street**

**Melbourne 3000**

**p 1300 882 833**

**e [vff@vff.org.au](mailto:vff@vff.org.au)**

**f 03 9207 5500**

**w [www.vff.org.au](http://www.vff.org.au)**