



Independent Review of the Water for the Environment Special Account

Victorian Farmers Federation Submission

December 2019

**VFF Water Council
Richard Anderson, Chairman
Farrer House
24 Collins Street
Melbourne 3000
0428 832 210**

The Victorian Farmers Federation

The Victorian Farmers Federation (VFF) is the only recognised consistent voice on issues affecting rural Victoria and we welcome the opportunity to comment on the Independent Review of the Water for the Environment Special Account.

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 and regionally located staff.

Each VFF member is represented locally by one of the 200 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.

A handwritten signature in black ink, appearing to read 'David Jochinke', followed by a horizontal line and a period.

David Jochinke
President

Summary of Recommendations:

Recommendation 1: The WESA Review panel ensure the revised socio-economic criteria is being adequately adhered to.

Recommendation 2 : The WESA panel identify the problems associated with on-farm projects and communicate these to the Commonwealth Government.

Recommendation 3: The VFF believe the WESA panel must acknowledge the challenges associated with the constraint relaxation projects, particularly the unrealistic timeframe of 2024

Recommendation 4: The VFF believe the WESA panel need to acknowledge the shortcomings associated with the 2018 Ernst and Young report.

Introduction:

The Victorian Farmers Federation (VFF) welcomes the opportunity to provide comment to the Independent Review of Water for the Environment Special Account (WESA).

Terms of Reference:

The VFF acknowledge, the very narrow Terms of Reference of the panel and while it is outside the scope of the panel to take a view on the 450GL of upwater, it would be remiss of the VFF not to outline its position.

The VFF does not support the recovery of the 450 GL as we do not believe it can be delivered and will cause negative social and economic outcomes.

The VFF believes the full 2750 GL should be achieved first. It makes little sense for the Commonwealth to be pursuing the 450GL when there is no guarantee constraints will be relaxed and therefore the 450GL cannot be delivered.

Revised Social and Economic Criteria:

While a revised social and economic criteria was developed in December 2018, the VFF believe its implementation is occurring inequitably.

The criteria ensures projects do not “reduce the overall productive capacity of the relevant program”, yet projects that are reducing the total consumptive pool are being approved and insufficient information on the projects are being provided.

Project proposals are providing generic answers to the socio-economic criteria. Total project costs are not being provided, nor is the Government funding contribution being made available, this makes it difficult to assess whether the 1.75 multiplier is being correctly applied.

The VFF believe the panel need to review existing 450GL project proposals and establish whether the socio-economic criteria are being correctly adhered to.

Recommendation 1: The WESA Review Panel ensure the revised socio-economic criteria is being adequately adhered to.

WESA Panel position on Efficiency Projects:

The VFF is concerned the WESA panel discussion paper identifies efficiency projects as:

“enabling the entitlement holder to achieve the same level of crop production with a lower level of water consumption” (Pg 4)

The VFF no longer supports on-farm projects as it ultimately results in a further reduction in the consumptive pool supporting irrigated agriculture, compounding with negative social and economic impacts.

This view is also supported by the Victorian Government in their recent Victorian Farm Modernisation Options paper in 2018 where they identified that:

“It is not possible to identify options to fund farm works that transfer water to the Commonwealth that: avoid negative social and economic impacts to local communities, and • can deliver significant volumes of water in time for the roll out of the Basin Plan” (Pg 5)

The VFF believe the Panel should also identify the problems associated with on-farm projects and communicate these to the Commonwealth Government.

Recommendation 2: The WESA Panel identify the problems associated with on-farm projects and communicate these to the Commonwealth Government.

Constraints Projects:

Section 2.12 of the WESA panel discussion paper identifies constraints easing projects as the key project to allowing the delivery of the 450 GL up water.

The VFF believe the timeframe of 2024 to achieve the Constraints project is totally unrealistic and this position is also supported by the Productivity Commission.

The Productivity Commission stated earlier this year that:

“the 2024 deadline for a number of the projects (particularly the constraints projects) is highly ambitious, if not unrealistic” (Pg 19)

The VFF believe the following must occur in relation to the Constraint relaxation projects:

- Sufficient time and consultation taken with landholders
- The Commonwealth take full responsibility for third party impacts due to environmental flooding
- No properties are compulsorily acquired as part of constraints relaxation
- No flooding without agreement for landholders
- The environmental benefits are monitored and publically reported.

Recommendation 3: The VFF believe the WESA panel must acknowledge the challenges associated with the constraint relaxation projects, particularly the unrealistic timeframe of 2024

Ernst and Young Report:

The VFF note the WESA discussion paper refers to the Ernst and Young Report (2018) and states:

“The [Ernst and Young] review found that it is possible to acquire 450 GL in a social-economically neutral or positive way. (Pg 8)

The VFF do not support this statement.

The Authors of the report note in their introduction that:

“we have relied on input from the above stakeholder and data information and evidence that they have provided to us. It is important however to acknowledge a number of limitations with respect of this data. Firstly there has been limited data collection that allows insights into the specific socio-economic impacts associated with water efficiency measures and

further data needs to be collected to monitor impacts, particularly in relation to labour productivity impacts” (Pg3)

“While many outcomes are economically efficient, there are both positive and adverse impacts on the various parties involved, including irrigators who have not participated in an efficiency measure program.....In assessing the impacts, data limitations have impacted the precision and level of quantitative analysis that has been undertaken. The report has however examined and where possible provided indicative quantitative analysis of different scenarios and considerations” (Pg 59)

“Distributional impacts to industries and communities should largely be negated via mechanisms included in the program to encourage all industries and communities to participate equally in programs through equal access to funding” (Pg 38)

These views are nothing more than theoretical economics from Ernst and Young and has little chance of success as it involves restructuring whole rural economies. How can anyone reasonably expect a program requiring widespread community change to be successful given the acknowledged damage already done by the Basin Plan?

The VFF believe the WESA panel need to acknowledge the shortcomings associated with the 2018 Ernst and Young report.

Recommendation 4: The VFF believe the WESA panel need to acknowledge the shortcomings associated with the 2018 Ernst and Young report.

WESA Panel Questions:

How likely is it that the volume outcome of the 450GL can be achieved?

The VFF believe it is highly unlikely this volume can be achieved. Running water through a river system is restricted by natural barriers such as the Barmah Choke.

Water recoveries for the Basin Plan to date are already demonstrating severe environmental damage to the Barmah Choke and Goulburn River.

Summer flows needed to transfer water from the Goulburn to the Murray to supply downstream environmental and irrigation demands is having negative impacts on the environment. The Goulburn Broken CMA¹ has found that:

- The volume of summer transfers down the Goulburn River has tripled;
- Steady high flows are drowning vegetation established to stabilise the banks
- Steady high flows are causing bank slumping, erosion and tree collapse
- Irrigation demand downstream is displacing optimal winter/spring environmental watering;
- Releases can't be timed in pulses to best support fish and bird breeding;
- Unseasonal cold weather transfers during summer are affecting fish breeding.

¹ https://www.gbcma.vic.gov.au/news_events/pulse-check-request-for-the-goulburn-river-during-water-transfers.html

How likely is it that the volume outcome can be achieved by 30th June 2024?

The VFF believe it is highly unlikely this volume outcome can be achieved by 30th June 2024.

Delivering higher flows will result in the flooding of private land and third party impacts. Sufficient time and consultation must be taken with affected landholders and a 2024 deadline is simply insufficient.

How likely is it that \$1.575 billion can pay for projects to achieve the volume outcome?

It is highly unlikely \$1.575 billion can acquire 450 GL of water. The less complex off farm water savings projects have already been completed in Victoria. The remaining off farm projects are small and expensive.