



Victorian  
Farmers  
Federation

# Central and Gippsland Region Sustainable Water Strategy Discussion Draft

## Submission

December 2021

## Introduction

The Victorian Farmers Federation (VFF) welcomes the opportunity to provide comments on the Central and Gippsland Region Sustainable Water Strategy Discussion Draft. The VFF has a proud history working with the Victorian Government to ensure our shared commitment to enhancing the prosperity of farming communities through efficient and equitable water use is realised. We thank DELWP for its time and effort in keeping the VFF apprised of the issues contained in the strategy.

The VFF acknowledges that over the next 50 years, water supplies will need to double just to meet demand in cities and towns across the region. Farming businesses will not be immune from the impact of declining supply of inflows into the region's dams and increased demand created by population growth. The VFF supports the need for a plan to avoid chronic water shortages that will affect the state's liveability and prosperity.

With a growing population in Melbourne comes a greater demand for food. The agricultural industry stands ready to expand and meet this demand. But in order to provide food security for Melbourne, farmers need access to quality and reliable supplies of water. The greatest challenge is how to expand our irrigation networks in the face of deteriorating supplies and increased demand from other sectors.

As a consequence of the challenges mentioned in the discussion paper, irrigated agriculture faces many potential disruptions that will undermine industry confidence and our ability to grow. That is why the VFF welcomes the government's clear and unequivocal position that the rights of existing entitlement holders will not be impacted in the implementation of the strategy. This must be a guiding principle for the implementation of the SWS and the VFF will actively hold government and water managers to account for this principle. However, the VFF has identified a number of proposals in the discussion paper that we believe will undermine this principle.

The VFF is concerned that environmental water targets set out in the discussion paper are not underpinned by a realistic plan for their recovery. This is seen as a major threat to farmers' water entitlements as failure to establish supplementary water sources (i.e. recycled water) will result in those targets either being unfulfilled, or fulfilled by altering irrigators' entitlements.

The VFF is also concerned by a number of proposals relating to water for Traditional Owner groups. We note that the emerging discussion surrounding Traditional Owner water rights in recent years presents challenges to the current framework for water governance and management in Victoria. This submission provides commentary and recommendations on the proposals relating to Traditional Owner water rights that we believe are ambiguous and may create risks for existing water users.

One of the major visions contained within the Strategy relates to the expanded use of recycled water in the community, and for agriculture. The VFF is fully supportive of government taking a leadership role in pursuing alternative sources of water, having long called for this commitment. However, we do note that recycled water is not a panacea for our collective water security challenges, and that the application of recycled water in the agriculture industry must take into consideration a range of

constraints related to quality, price, reliability, volume, liability and research. The VFF is asking that these challenges be acknowledged in the final Strategy.

Ultimately the VFF is concerned that elements of the discussion paper create uncertainty for farmers and the agriculture industry, not just in the Central and Gippsland region, but for other communities across the state.

The VFF understands that the consultation for this document has been challenging given COVID-19, the lack of face-to-face discussions and the consultation process occurring during spring which is the busiest time for farmers. The VFF is keen to work with the government to ensure the final strategy takes a form that provides confidence to farming communities and our agricultural industry.

A handwritten signature in black ink, appearing to read 'Emma Germano', with a large, stylized flourish at the end.

**Emma Germano**

President

## 1. Environmental Water Recovery

The VFF is concerned that the discussion paper does not clearly identify the additional water being sought for the environment across the entire Central and Gippsland region. The VFF has prepared the following table based on information spread across the 300 page document to form what we see as an easy to understand table of water recovery targets proposed for the environment.

Gippsland Region			
River	ML to be recovered	Timeframe	Page
Thomson River	8000	5yrs	215
Thomson River	7000	10 yrs	215
Macalister River	6000	5 yrs	216
Macalister River	6600	10 yrs	216
Latrobe River	1500	5yrs	217
Latrobe River	2900	10 yrs	217
Tyers River	12500	5yrs	220
Tyers River	5100	10yrs	220
<b>TOTAL</b>	<b>49,600 ML</b>		
Central Region			
River	ML to be recovered	Timeframe	Page
Werribee River	9607	5-10 yrs	246
Werribee River	11,885	10 yrs	246
Werribee River	12,183	50 yrs	246
Maribyrnong River	3000	5yrs	247
Maribyrnong River	7000	10 yrs	247
Yarra River	11,000	10 yrs	248
Yarra River	34,000	50 yrs	248
<b>TOTAL</b>	<b>88,675 ML</b>		
Barwon, Moorabool and Otway Region			
River	ML to be recovered	Timeframe	Page
Moorabool River - West	2460	5yrs	271
Moorabool River - West	3500	10 yrs	271
Moorabool River - West	17,130	50 yrs	271
Moorabool River - East	700	5 yrs	271
Barwon River	2336	5 yrs	273
Barwon River	5000	10 yrs	273
Barwon River	18,301	50 yrs	273
Barwon River	28,685	50 yrs	273
<b>TOTAL</b>	<b>78,112 ML</b>		
<b>OVERALL TOTAL TARGET FOR ENVT</b>	<b>216,387 ML</b>		

Understanding the proposed environmental water recovery targets outlined in the discussion paper is made even more difficult by conflicting numbers outlined in *proposed directions* and *proposed targets* in various tables throughout the document.

This is evidenced multiple times:

- Proposed direction 11.4 for the Werribee River details a water recovery for the environment of 11,885 ML over 10 years, but table 11.3 on the following page also lists 9,607 ML as needing to be recovered in 5-10 years and a further 12,183 ML in 50 years (pg. 245.).
- Proposed direction 11.7 identifies 4000 ML for the Maribyrnong River in 10 years, but table 11.4 on the same page also includes an additional water recovery target of 7000ML in up to 10 years (pg. 247.).
- Proposed direction 11.9 identifies 11,000 ML for the Yarra River, yet table 11.5 below also targets a further 34,000ML for the environment over the next 50 years (pg. 148.).

The VFF has identified a total of 216,387 ML referenced in this document as being environmental water recovery targets.

However, the document also states:

*It is estimated that a total of 263 gigalitres of water per year would be needed to maintain and improve current environmental values and improve the current condition of waterways across the region over the long term.*

It is unclear if the 263 GL is being targeted for the environment or the 216 GL added up by the VFF in the table mentioned previously is more accurate. The discussion paper provides no certainty on how any of the proposed targets are going to be achieved and no discussion on the cost of achieving them. These targets need to be assessed in the context of costs to communities as well as a true financial cost. The discussion paper is silent on both.

A target is typically an action that can be delivered and one that government is reasonably confident over its costs and benefits. None of the targets in the discussion paper identify the costs associated with their implementation.

Sustainable water strategies are reviewed every 10 years so the VFF does not understand why 50 year targets have even been included. The VFF could understand the government's desire to set a 50 year ambition but to describe 50 year targets is totally unrealistic.

### Environmental Water Recovery Targets should not be numerically based

The VFF believes that the discussion paper appears to repeat the mistakes of the Murray Darling Basin Plan with numerically driven environmental water recovery targets. We believe the discussion paper sets unrealistic expectations on the volumes of water to be recovered for the environment.

The VFF has long argued throughout debate on the Basin Plan debate that there is more to improving environmental health than simply just adding water. Victoria developed an Index of Stream Condition (ISC) over a decade ago, which identified five areas of environmental health.

- 1) **Hydrology** (flow volume and seasonality of flow)
- 2) **Physical Form** (stream bank and bed condition, presence of and access to physical habitat)
- 3) **Streamside zone** (quality and quantity of streamside vegetation and condition of billabongs)
- 4) **Water Quality** (nutrient concentration, turbidity, salinity and acidity); and
- 5) **Aquatic Life** (diversity of macroinvertebrates)

The discussion paper loosely talks about environmental problems that need to be overcome, but water recovery is identified as the main way to improve environmental health. There is little detail on how these recovery targets have been set and the science behind them. It is surprising to see targets set within one megalitre such as 18,301 ML on the Barwon River or 12,183 ML on the Werribee River.

**The VFF cannot support this approach and believes the final strategy must place more emphasis on actual environmental outcomes to be targeted rather than just a volume of water.**

### Environmental Objectives may not be achieved

The 2009 *Northern Regional Sustainable Water Strategy* acknowledged that it may not be possible to achieve all environmental objectives and that some objectives may be subject change:

*The difficulty of protecting key environmental values under climate change has become apparent through the development of this Strategy. Existing environmental objectives are based on past climatic conditions; but with reduced water availability, it may not be possible to achieve these objectives, even if all the available water is used for environmental benefit. (pg. 44)*

*As part of an adaptive management approach, [this strategy] identifies a reasoned and transparent process for changing environmental objectives if necessary. (pg. 128<sup>1</sup>)*

The Central and Gippsland Region discussion paper provides no acknowledgement of an adaptive management approach to the environment and no discussion about adjusting environmental objectives.

Instead the paper outlines that “all the actions and directions included in the final Strategy will be locked in as definite commitments by the Victorian Government” and that an Adaptive Implementation Plan will be in place given that “for some actions and directions,

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<sup>1</sup> [https://www.water.vic.gov.au/\\_data/assets/pdf\\_file/0018/63270/NRSWS-Full-Document.pdf](https://www.water.vic.gov.au/_data/assets/pdf_file/0018/63270/NRSWS-Full-Document.pdf)

alternative ways of achieving the desired outcome may be provided, subject to further work during implementation to determine the preferred option". (pg. 283.) These two claims could be seen to compete with one another and therefore create ambiguity towards whether or not the environmental targets are 'locked in' or may be adapted.

**The VFF recommends the Strategy makes explicit that all environmental water recovery targets will be subject to an adaptive management approach.**

### Holistic picture of total water recovery in the Latrobe Valley

The VFF is disappointed the discussion paper does not include a more detailed conversation on water recovery targets required in the Latrobe region due to mine rehabilitation. The establishment of pit lakes is the option being touted by the government as the most likely solution to stabilise the closure of the Hazelwood, Yallourn and Loy Yang mines.

Between the Hazelwood Mine that is already closed and the proposed closure of Yallourn in 2032 and closure of Loy Yang in 2048 up to 3000 GL could be required to completely fill all mine voids to their crests. If the mine voids were only partially filled with water to prevent floor heave, the volume of water collectively required by the three mines would be approximately 1,600 GL (Table 2).<sup>2</sup>

Table 2: Volume of water required to create water bodies in the mine voids (indicative)

Mine	SCHEDULED CLOSURE DATE	WEIGHT BALANCE (GL)	FULL PIT LAKE (GL)
Hazelwood	Closed	530	638
Yallourn	2032	0	725
Loy Yang	2048	1,111	1,418

Whilst the discussion paper provides brief commentary on mine rehabilitation, it provides no detail on the volumes of water proposed when all these mines are closed.

The paper states:

*the Victorian Government is exploring manufactured water options for mine rehabilitation, such as recycled water (pg. 59.)*

The paper fails to provide context of the actual volume of water required for these Lakes, as it is simply unrealistic to expect that 1,600-3,00 GL of recycled water be used for Pitt Lakes.

Again the document is creating an impractical expectation that recycled water will address the water requirements of mine closures. The VFF believe much work on this issue is required in the final strategy.

<sup>2</sup> [https://www.water.vic.gov.au/\\_data/assets/pdf\\_file/0035/477179/Latrobe-Valley-Regional-Rehabilitation-Strategy\\_WEB.pdf](https://www.water.vic.gov.au/_data/assets/pdf_file/0035/477179/Latrobe-Valley-Regional-Rehabilitation-Strategy_WEB.pdf) pg. 12.

## 2. Water for Agriculture

The VFF believe the discussion paper does not adequately address the importance of agriculture to the Central and Gippsland Region. We are concerned that the discussion paper largely assumes that farmers will simply have to survive with less water yet the environment, urban water authorities and Traditional Owners must all receive more.

Whilst a number of proposals in the discussion paper do relate directly to investment in water for agriculture, these proposals largely talk about work that the government has done, or is currently doing.

Future proposed programs are referenced in Proposal 5.12 which states:

*The Victorian Government proposes to support continued improvements in agricultural water-use efficiency and best practice land and water management (pg. 116).*

*This could be achieved through a combination of:*

- helping irrigators continue to use water wisely, with targeted extension and support for on-farm changes and more information on making the most of their water.*
- helping water corporations and businesses recognise and take up opportunities for improvements in rural water infrastructure that can save water and achieve many benefits.*

Whilst the VFF supports these statements, we believe the government needs to be clearer on what works are intended here and what the government expects it will deliver as well as the role farmers will play in contribution to positive outcomes. The inability to describe any proposed program under this directive gives the agriculture industry little confidence that the government is committed to this objective as it does not propose specific programs that can be implemented and for which government may be held to account.



### 3. Water for Traditional Owners

The overwhelming focus of the discussion paper is centred on the reclaiming of water for use by Traditional Owner groups. Whilst acknowledging the significant connection between Aboriginal people and water, the VFF notes that the emerging discussion surrounding Traditional Owner water rights in recent years presents challenges to the current framework for water governance and management in Victoria. The VFF is concerned a number of the proposals put forward in this discussion paper will drive uncertainty and have the potential to impact farmer and industry confidence.

The VFF seeks to ensure that in granting water rights to Traditional Owners, the Victorian Government is able to maintain its strong commitment to protecting the rights of existing entitlement holders.

Given the raft of proposals that concern Traditional Owner water rights in the discussion paper, our comments and recommendations have been written below each proposal.

#### Four Principles to guide allocation of water to Traditional Owners

The discussion paper sets out four principles to govern how water will be allocated to Traditional Owner groups. These principles will guide all future decision making surrounding Traditional Owner water and could have third party implications for other water users.

*Each Traditional Owner will receive entitlements to water in rivers and aquifers on their Country. Where a water source is shared between more than one Traditional Owner group, water rights on that water source (river, aquifer) will be similarly shared.*

The VFF supports the principle of Traditional Owner water groups only receiving entitlements that are connected to their country. The VFF does not support the transfer of entitlements from different systems for Traditional Owner purposes.

*Where more than one party claims an interest in new water entitlements for a river or aquifer (via water substitution, unallocated water and formerly allocated water), Traditional Owners will receive an equal share of the available water.*

The VFF does not agree that all water be allocated as an equal share for each sector that claims it as a general principle. Instead, water should be allocated on a case-by-case basis in each affected system. To ensure a water resource is utilised most effectively, it should be assessed in a way that balances the relative needs and ability to use water by each water user group. An arbitrary rule that dictates that one group is only entitled to a certain share of the resource is not fair, particularly in systems where Traditional Owners may have little ability to use water. **The VFF recommends that this principle be omitted from the strategy.**

*The share of unallocated water going to Traditional Owners should be allocated as a matter of priority (without waiting for remaining shares to be allocated via auction processes or similar).*

In order to achieve greater flexibility in the allocation of new water licences and shares, those licences and shares should be allocated to all user groups at the same time. **The VFF recommends that the proposed decision-making process for unallocated water be adjusted so that Traditional Owner entitlements are released concurrently with consumptive water being made available to the market to allow time for a full assessment over the relative need and ability for all water users to utilise water.**

*Water substitution arrangements that free up water in rivers for Traditional Owners should be pursued in water systems on the Country of each Traditional Owner group.*

The VFF supports this principle.

***Proposal 4.1** - It is proposed that the final Strategy determine the share of the unallocated water in each of these locations that will be allocated to Traditional Owners, in accordance with the Four Principles.*

The VFF agrees with this proposal in so far that it will provide the community greater clarity over exactly how much water the government is seeking to return to Traditional Owners, and in which systems. However, the VFF is concerned that the exact amounts of water will to be recovered will not be known until the release of the final strategy, at which point there will be no opportunity for the community to provide comments.

The VFF seeks greater clarity on what volumes of water will be made available to Traditional Owners before any final decision is made and be given the opportunity to provide feedback on any specific recovery proposals.

***Proposal 4.3** - It is proposed that all future business cases for investment in new sources of water include a commitment to hand back a proportion of water to Traditional Owners on the completion of these substitution projects. The timeline for the completion of these projects will be included in the Sustainable Water Strategy implementation plan.*

**The VFF recommends that the Strategy incorporates a clear statement stating that any water savings or substitutions created through investment in new sources of water that are given to Traditional Owners must be attributed to government's investment and must not be subsidised by irrigators' investments.**

***Proposal 4.4** - It is proposed that water returned to rivers and creeks as a result of substitution by alternative water sources will be shared equally between the environment (the Victorian Environmental Water Holder) and Traditional Owners.*

The VFF does not support a blanket rule of a 50 per cent split between the VEWH and Traditional Owners. Different Traditional Owner groups will have different capacities to effectively use and manage water entitlements. **The VFF recommends that the amount of water given to the VEWH and the amount given to Traditional Owners should be assessed on a case-by-case basis.**

**The VFF also recommends that water allocations used by Traditional Owners, that are used to benefit the environment, count towards the environmental water recovery targets set out in the Strategy.** Water that is used by Traditional Owners as cultural flows overwhelmingly form part of environmental management strategies. The notion that cultural flows, with the intended purpose of healing country, are somehow different to environmental flows is wrong. Incorporating cultural flows with environmental flow targets will result in more effective use of this water and will help ensure water is more easily available for all water users.

*Proposal 4-6 - It is proposed that the Traditional Owner Partnership work with the water sector to recommend ways to remove barriers to water rights, including section 51 licences.*

The VFF does not support this proposal as it would appear to be deceptively vague. The VFF is concerned by commentary on page 159 of the discussion paper around the entitlement framework and the need to amend legislation to better suit Traditional Owners is of great concern to the VFF.

This raises a legitimate concern that the government is proposing to create new water products for Traditional Owners and how will this fit with existing entitlements. This commentary contradicts the assurances that the rights of existing entitlement holders will not be impacted. The VFF does not understand how existing entitlement holders will be protected when legislative change is being considered regarding the entitlement framework.

*Proposal 4.7 - It is proposed that, where Traditional Owners in the Central and Gippsland Region hold section 51 licences expressed as 'cultural water', there will be no annual fees or water usage charges.*

**The VFF recommends that 'cultural water' be defined in the Strategy. The VFF is concerned that the meaning of cultural water has not been clearly defined either in the Discussion Draft, nor Victoria's Water Plan or the Water Act 1989.**

It is easy to conflate the meaning of cultural water with that of environmental water. In many respects, cultural water is the same as environmental water as it is used to manage and heal country. There is legitimate confusion in the broader community as to whether cultural water also includes activities which may have an economic outcome such as commercial fishing, tourism and recreation.

Any 'cultural water' licences should be used for specific purposes relating to cultural/environmental flow management. **The VFF recommends that 'cultural water' entitlements and allocations should not be allowed to be transferred, leased or sold.**

The VFF has long argued that farmers must not fund the costs of storage for environmental water and its use. This position has been adopted by government at a state and federal level. As mentioned above, there is a prevailing view in the community that cultural water is essentially the same as environmental water.

The VFF acknowledges the difficulty Traditional Owner groups may have in maintaining ownership of and making use of water entitlements due to the fees attributable to their entitlements. **The VFF recommends that instead of exempting Traditional Owners from paying fees, the government**

**should pay these fees on behalf of Traditional Owners from the consolidated revenue.** The VFF will not support any proposal that will effectively see irrigators subsidising the storage, access and use of non-consumptive cultural water.

**The VFF also recommends that in any case where Traditional Owner water entitlements are used for economic purposes (eg. for farming or trade), then fees should be paid in the same way that all other water users are required to.** It would be the prerogative of the government if it were to pay these fees on behalf of Traditional Owner groups. The VFF recommends a statement to this effect be incorporated into the strategy.

*Proposal 4.8 - It is proposed that, where Traditional Owners do not hold rights to land (via Native Title, Traditional Owner Settlement Agreement or freehold), they may nominate land for the purposes of the section 51 licence to which they have an access agreement with the landholder (such as Parks Victoria, the Department of Environment, Land, Water and Planning, local government, water authorities or private landholders).*

*Proposal 4.9 - It is proposed that, where Traditional Owners do not have existing access agreements, this process be expedited as part of the SWS.*

*Proposal 4.10 - It is proposed that new funding be allocated to employ Traditional Owner cultural water rangers, to care for Country on Native Title, Traditional Owner Settlement Agreement and Registered Aboriginal Party land.*

The VFF supports this proposal. We believe that Traditional Owner groups should be empowered and resourced to care for country for which they manage.

*Proposal 4.11 - It is proposed that there will be further reform to the Water Act 1989 to require the establishment and resourcing of Traditional Owner Partnership agreements between water corporations, catchment management authorities, and other government agencies involved in managing Country and Traditional Owners.*

*Proposal 4.12 - It is proposed that water corporations, waterway managers, government agencies and public land managers enter into specific partnership agreements with the Traditional Owners of the Country on which they operate. These partnerships will be developed and resourced in a holistic way with each Traditional Owner group, with new funding for implementation of Strategy actions on Country.*

**The VFF supports clear, defined and transparent arrangements being established between water managers and Traditional Owner groups that specify the duties and roles of all parties. The VFF recommends a statement to this effect being incorporated into the strategy.**

*Proposal 4.13 - It is proposed that the Department of Environment, Land, Water and Planning, together with the appropriate Traditional Owner groups, review all water corporation statements of obligation (under the Water Industry Regulatory Order) to ensure that they explicitly include requirements to resource Traditional Owner participation in water planning, management and monitoring work.*

**The VFF recommends the Strategy incorporates a clear statement outlining that resourcing for Traditional Owner group participation shall not be paid for by irrigators and other water users.** The VFF believes that resourcing for Traditional Owner participation in water, planning, management and monitoring work must be provided by the state government and must not be funded by other water users including irrigators.

**Proposal 4.14** - *It is proposed that waterways named in the final Strategy will include Traditional Owner names (as directed by each Traditional Owner group on a case-by-case basis).*

**The VFF recommends that the Strategy co-names waterways using both the Gazetted and Traditional Owner names - for example Yarra River / Birrarung.**

**Proposal 4.15** - *It is proposed that each Traditional Owner group be resourced to participate in the development of place-based legislation, named in relevant place-based legislation, and resourced to undertake prescribed responsibilities.*

The VFF supports this proposal and acknowledges the need for Traditional Owner groups to be sufficiently resourced to help care for the country over which they have control.

## 4. Recycled Water

One of the main visions outlined in the Strategy is for further investigation into the increased use of recycled water in the community. The VFF welcomes the strong commitment to investigating the potential for the expanded use of recycled water as we have long argued for the need for such a commitment. However, we note that recycled water is not a panacea for the community's and agriculture's water security. Farmers hold a range of legitimate concerns towards the use of recycled water on their farms including water quality, pricing, reliability, volume constraints and liability.

**The VFF recommends the Strategy incorporates clear statements acknowledging the challenges that water managers and agricultural water users face in being able to utilise recycled water on-farm, including issues concerning quality, reliability, pricing, volume constraints and liability.**

### Quality

The VFF believes that recycled water must be fit for the intended use and it is important to ensure its long-term use on-farm will not have unforeseen negative consequences. There must be a clear understanding by both the user and supplier of the intended and actual use of recycled water on-farm. This is as much a protection to the user of recycled water as to the supplier. Suppliers of recycled water have a duty to the purchaser to supply water to the quality expected for the intended use. Hence ensuring suppliers have detailed knowledge of and have approved the intended use is very important. There is less scope to use recycled water in high value horticulture systems due to the individual tolerances of these crops to the varying quality of recycled water. There are also a host of food safety standards that must be adhere to.

Most farmers will require external advice regarding an appropriate salinity management strategy when using recycled water. This could be provided by the water supplier, although in many circumstances farmers would be well advised to seek independent third party advice. **The VFF recommends that under a scenario of broad adoption of recycled water under the Strategy, the Victorian Government increase services provided by Agriculture Victoria into supporting and sustaining recycled water irrigation.**

### Reliability

The potential conversion of surface water licences to new recycled water entitlements raises many questions, which will ultimately have to be worked through at the point where businesses case assessments are undertaken.

### Volume constraints

Suppliers of recycled water commonly require customers to take all recycled water allocated under the contract. This reflects the needs of recycled water suppliers to dispose of specific volumes of waste water on a year round basis. The supply of water does not necessarily match the needs of users.

Agreements between suppliers of recycled water and customers should specify the minimum quantity of water to be supplied. A number of alternative approaches can be taken including a fixed annual volume perhaps coupled with a minimum daily volume. Suppliers of recycled water

commonly require customers to take all recycled water allocated under the contract. This reflects the needs of recycled water suppliers to dispose of specific volumes of waste water on a year round basis. The supply of water does not necessarily match the needs of users.

### **Liability**

The use of recycled water does not come without risk. Some recycled water suppliers will, as far as possible, seek to transfer risk to users. As part of this strategy suppliers often seek to transfer ownership and risk at the customer's point of supply. The VFF believes that risks must be appropriately shared by suppliers and water users. Where a supplier has failed to meet its duties or has been negligent under a water supply agreement, the customer should be indemnified from any action. Similarly, were the customer breaches the duties of its agreement, then they would be liable for any actions against them.

### **Potable Water**

The VFF supports the government working with the community to build confidence in the safe and suitable use of recycled water and stormwater. The VFF is however concerned that the strategy avoids the important conversation about using recycled water sources for the region's potable water supply. The integration of recycled water into potable water supplies could help overcome some of the cost barriers involved in establishing and managing separate water supply systems. Technology exists to treat effluent to potable water quality level and there are well-established cases around the world where recycled water is used directly or indirectly for drinking purposes. Indirect Potable Reuse, where recycled water is released back into reservoirs, streams and groundwater supplies can help not only to augment potable water supplies, but to also augment environmental water needs.

The VFF acknowledges the challenges in using recycled water as part of the region's potable water supply, particularly the need to shift the strong views of the Victorian public who have been fortunate to have high quality potable water supplies for decades. However, it is important that government begins to have difficult conversations with the community about long term water sustainability issues and that technology can help to solve the challenges of a growing population combined with a changing climate.

### **Environmental Release**

The strategy proposes to develop and release, by 2022, state-wide guidelines for using recycled water for environmental release into waterways. The VFF supports this proposal. If farmers are expected to utilise more recycled water as part of their operations. Just as recycled water on farms need to be of sufficient quality, so too does any water that is proposed to be released into waterways.

The VFF notes the difficulty water managers have in ensuring recycled water is safely returned to the environment, in particular the case of Coliban Water's releases into the Campaspe River at Kyneton in 2019. Not only did these releases cause harm to ecosystems, the VFF was also informed of livestock deaths attributable to drinking contaminated water directly from the river. The VFF expects that all environmental releases are conducted safely.

## 5. Gippsland Region

### Latrobe Valley Reserve

The VFF does not oppose the undertaking of a review of the Latrobe Reserve, however we do note its existing purpose in part to provide water to irrigators in drought conditions. Currently, 2.5% of the entitlement is set aside for private diversion licence holders so they are not forced to compete financially against urban and industrial water users for access to the drought reserve. Water was used from the Latrobe Reserve entitlement for the first time during dry conditions in 2018-19. SRW offered 2085 ML of water to irrigators in three auctions held in February, April and May 2019, with 1950 ML purchased.

**The VFF recommends that any review of the Latrobe Reserve ensures that any water that is deemed to be no longer needed by the energy sector, be made available for private diversion licence holders to access.**

### Loy Yang Bench Bulk Entitlement

The paper proposes making the Loy Yang 3/4 Bench bulk entitlement available to water users due to the water no longer being required by the energy sector. The VFF supports this proposal as there is huge potential for the 3/4 Bench bulk entitlement to be used by Agriculture in Gippsland.

The VFF notes the 3/4 Bench entitlement was set aside in 1996 when power generation was privatised and was intended to be the source of water for future power development in the Latrobe Valley. In that sense, the 3/4 Bench entitlement was set aside for productive use, and it is therefore appropriate that this water be used for productive purpose for industry, including irrigated agriculture.

The 3/4 Bench entitlement can be used to expand the irrigation footprint in the lower Latrobe river and to underpin the reliability of licences. The entitlement could also be used to help transfer existing S51 licences to water shares to further guarantee reliability for irrigators. The VFF believes irrigated agriculture has a strong future in the Latrobe Valley and that it will be an important industry to help provide long-term employment in the region.

### Irrigation Development

The Southern Victoria Irrigation Development (SVID) project Phase 3 has investigated infrastructure options to enable irrigation developments along the Latrobe River and east of the Avon River. A recent report has found that landholders in the region are actively looking to expand and diversify in the immediate future and access to additional water supplies will be a key component of this development to help provide long-term employment in the region.



Unlike many of the proposals put forward in this draft document, the SVID has prepared detailed cost benefit analysis and it states that “benefits are likely to exceed costs<sup>3</sup>” for the Latrobe River area. Similarly analysis of an Avon River development will also see increased benefits due to substantially higher vegetable production and increased employment for both regions.

The VFF believes the discussion paper needs to provide more detail and promote the benefits of these projects.

Modernisation works in the Macalister Irrigation District (MID) have and will create water savings totalling approximately 24 GL. The water savings are allocated based on the level of funding provided to the modernisation works. As a result, the Australian Government, the Victorian Government and SRW (on behalf of irrigation customers) will each be allocated a share. The water savings are expected to be used to support increased environmental flows and increased agricultural production.

With the positions put forward in this strategy it creates significant uncertainty for farmers in the Macalister who are under the assumption water savings will be shared and accessed by irrigators.

## 6. Groundwater

The VFF notes that the Strategy does not create a specific plan for groundwater resources in the region, instead it outlines that this work will be undertaken as part of a state-wide Groundwater Management Strategy. The VFF supports the need to develop a state-wide Groundwater Management Strategy and will seek to fully participate in its creation.

## 7. Water Markets

The VFF supports the government’s commitment to make the region’s water markets more effective by providing water users clear and simple information, trialling an online water market exchange and investigating local opportunities to make trade rules more flexible. The VFF acknowledges the work already underway on providing more timely and accurate information about the availability of water, water management rules across catchments, and water markets.

Transparency is fundamental to a more efficient and effective market in Southern Victoria. Giving farmers better information on who and where they can buy water from will help ensure the resource is used to its full potential. There however must be appropriate safeguards to protect farmers’ privacy. An appropriate online trading platform can help achieve these aims and the VFF supports the proposed trial of an online platform.

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<sup>3</sup> <http://www.srw.com.au/wp-content/uploads/2021/10/SVID3-Consolidated-Report-Final-10Sep21.pdf> pg. 4.

The VFF believes trading rules need to be looked at on a system-by-system basis to provide greater flexibility and choice for farmers participating in markets. There are opportunities for trade within and between systems. Whilst care must be taken to prevent overextraction, all effort should be taken to find where more flexible trading mechanisms can be implemented, particularly for upstream trades. The VFF welcomes the commitment in the Strategy to the proposed investigation these trading rules.

## 8. Consultation

The VFF has been disappointed with the consultative structure for this Sustainable Water Strategy. The Consultative Committee for the Strategy has only been made up of Government agencies (water authorities and Catchment Management Authorities and Victorian Environmental Holder) and four separate Traditional Owner Corporations.

Typically local government and the VFF and other stakeholders are included on the Consultative Committee. The VFF believe the Consultative Committee needs to be reworked to include the VFF and local government, particularly due to the major impacts that proposals in the Strategy will have on the agricultural industry. The VFF is committed to working with the government to ensure our concerns are addressed in the final submission.