



14 September 2020

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Water and Catchments, Department of Environment, Land, Water & Planning

Dear Sir,

**Re: GMW Water Efficiency Submission**

Fruit Growers Victoria Ltd supports the intent of the proposed GMW water efficiency project, to further modernise and rationalise Goulburn-Murray Irrigation District (GMID) infrastructure to generate water savings required under the Basin Plan.

We have significant concerns about the effect of further water recovery on our local communities and support approaches that avoid the negative social and economic consequences we have seen from prior water recovery measures.

The recent ABARES report 'Economic effects of water recovery in the Murray–Darling Basin', found that buybacks are the simplest and least expensive form of water recovery, but have negative flow on effects to irrigation-dependent communities. The report also found that while on-farm efficiency projects were beneficial to participants, improved farm productivity has the effect of increasing water market prices, which harms other irrigators and may cause investments in upgrades to become stranded assets.

ABARES found that water delivery infrastructure projects were the least detrimental to the social and economic health of local communities:

Off-farm water recovery projects should have little or no effect on water allocation prices, as only the estimated water saving is transferred to the CEWH, and so there is no reduction in water supply available for irrigation, and water demand is not affected. However, the extent of opportunities and the cost of achieving these per ML is not clear.

If further water recovery is to occur under the Basin Plan, FGVL prefers recovery initiatives that don't reduce the overall pool of consumptive entitlement, which increases water prices and reduces agricultural production in the region.

Accordingly, we are broadly supportive of this proposal, subject to three key areas of concern. These are:

1. A delay between water savings paid in advance to the Commonwealth and implementation of works enabling the system to avoid an equivalent volume of conveyance losses. If GMW is required to deliver 15.9 GL of water to the Commonwealth prior to works being undertaken and conveyance losses avoided, then this may undermine the reliability of irrigators' water shares during the project's implementation.
2. Assumed savings not materialising from completed modernisation or rationalisation works. If avoided losses ultimately fall short of the 15.9 GL passed to the Commonwealth, irrigators will suffer a permanent erosion of their

entitlement reliability. The full suite of proposed projects should be subject to effective, independent assessment of their projected water savings.

3. Lack of meaningful input on water savings projects from GMID irrigators. GMW and government agencies need to ensure that irrigators, who have direct experience with the system and understand the practical drivers of conveyance losses, are offered the opportunity to guide the scoping and selection process for water efficiency projects.

Kind Regards,

Fruit Growers Victoria.

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