

SUBMISSION TO GMW & DELWP REGARDING PROPOSED WATER EFFICIENCY PROJECT IN THE GMID

FROM:

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The Victorian Water Minister's main argument as to why the GMW Water Efficiency Project should proceed is that Victoria will have more than done its part in securing its collective share of the 62GL by recovering 15.9 GL with the Backbone Transformation Project and Shepparton East Project and therefore the Commonwealth cannot come in and pursue buybacks.

However Minister Pitt stated on 4<sup>th</sup> Sept 2020, that he has ruled out buybacks, so what is the point of pursuing further water savings that will undoubtedly lead to a reduction of the consumptive pool?

**Transparency of funding arrangements.**

It is blatantly deceptive to NOT explain that the Federal funding for these projects, the Backbone Transformation Project(BTP) and Shepparton East Project(SEP) is being sought from the Water for The Environment Special Account(WESA), which is specifically in legislation as being only for the 450GL recovery and constraints strategy.

I cannot find in any document released by GMW an explanation to irrigators and communities, that this further round of modernisation is being funded from the WESA., with the 15.9 GL water savings calculated, going towards the 62GL, that basin states have failed to collectively accrue by June 2019. States have failed to find the 62 GL. which was to ensure the 605GL supply measures came into effect and that buybacks were avoided. Buybacks have now been ruled out by Minister Pitt.

In the Water Act 2007, Part 2AA Water for the Environment Special Account, 86AA Object of This Part, it states;

*(3) The object of this Part is to be achieved by:*

- (a) easing or removing constraints on the capacity to deliver environmental water to the environmental assets of the Murray-Darling Basin; and*
- (b) increasing the volume of the Basin water resources that is available for environmental use by 450 gigalitres.*

The Independent Review of the Water for the Environment Special Account Discussion Paper 2019 Section 2.1 states:

*"The Water for the Environment Special Account was established by the Australian Parliament through an amendment to the Water Act in 2013. A special account enables an amount of Commonwealth funding to be appropriated (set aside) for a particular purpose or use over a specified time.*

*The Water for the Environment Special Account appropriation is \$1.775 billion. Of this amount, \$1.575 billion is being used to fund efficiency projects to acquire the 450 GL and \$200 million is being used to fund the constraints easing projects."*

This same Discussion paper also states:

*'The Basin Plan sets out a range of elements that are required to implement this plan. As section 1.1 discussed, this review focuses on the two elements that are being funded by the Water for*

*the Environment Special Account:*

*1) efficiency projects to acquire an additional 450 GL Long Term Average Annual Yield (LTAAY)—all references to GL in this paper refer to GL LTAAY (see Box 3)*

*2) constraints easing projects to improve the delivery of environmental water to the environmental assets in the Basin.”*

Legislation on the Water for Environment Special Account very clearly states that these funds may only be spent on recovery of the 450GL or constraints easing projects.

**The GMW Water Efficiency Projects, the Backbone Transformation and Shepparton East proposals should not be using funding from WESA unless the legislation is changed.**

**The Basin States have failed to recover the 62GL which indicates that assumptions made on the ability to find more and more water savings is at an end and the efficacy of the proposed volume of savings and viability of SDL projects is questionable.**

### **How will it mean irrigator’s pool is yet again reduced?**

The Connections program also claimed, that modernisation and rationalisation of channels and meters would result in water savings from losses, and we have seen the result of that program, with less water being available to irrigators.

With a total of 153.7 km of channels to be decommissioned or closed down, there will be pressure by modernisation employees, placed on irrigators with small entitlements to give up their use of the channel, which will be replaced by pipeline to assure Stock and Domestic rights.

Tired of fighting with modernisation employees for years, particularly older people, will say, “I’ve had enough.” and sell their entitlement to the highest bidder, which means that water will leave the GMID and go downstream to horticultural enterprises.

The consumptive pool in the GMID has already been reduced from 1600GL to 800GL and with 2019-2020 water usage standing at 530GL, the efficiency and service point water usage must be at an all time low.

2013-2014 GMW usage data showed that on average across the GMID 42% of meters delivered zero or less than 10ML. And those figures cannot have improved in light of the low water usage last season.

Every round of modernisation has seen a reduction in the irrigation consumptive pool.

To believe that no water will be lost from the irrigator’s pool with the proposed BTP and SEP projects is being completely naïve or being ignorant of what is actually happening on the ground.

This then increases the socio-economic and environmental impacts created by attempting to deliver greater volumes of water.

### **Failure to Meet Socio-Economic Agreed Criteria**

#### **1. Projects should not reduce the overall productive capacity of the region**

The consumptive pool in the GMID has already been reduced from 1600GL to 800GL and with 2019-2020 water usage standing at 530GL, the efficiency and service point water usage is at an all time low.

2013-2014 GMW gravity fed water usage data showed that on average across the GMID 42% of meters delivered zero or less than 10ML.

Previous rounds of modernisation have reduced the flow volume capacity. For example, currently the Waranga Western Main Channel supplying Loddon Valley has reduced from 1900ML/day to 1300-1400ML/day due to installation of Total Channel Control Gates. \$2.2 Billion has been spent already on modernisation and irrigators have been left with a system that is incapable of supplying their water needs in an increasingly variable climate scenario.

Irrigators are left with the increased GMW fixed cost for modernised meters compared with Dethridge Wheels.

At least 60% of all gravity irrigators have little or no water, yet after modernisation are left with increased costs.

GMID irrigators have been forced into a position of being temporary water traders who cannot afford to purchase water 8 years out of 10.

The short term benefit of increased employment for the duration of the projects due to finish by 2022, simply does not stack up against the long-term reduced viability of the GMID.

Currently water orders have a lead deficit time of 11-14 days, which is the result of previous modernisation reducing channel capacity.

So if this round of modernisation is exactly the same as Connections 1 & 2, there will be increased reduction in the overall productive capacity and viability of the region.

## **2. Projects need to demonstrate how they contribute to current and future viability of proponent businesses and irrigation districts**

As GMW states- *“the proposed modernisation works are identical in scope and impact to those implemented by the Connections Project and would be expected to generate the same quantum of on-farm productivity and broader socio-economic benefits”*( GMW Assessment against Socio-Economic Criteria), then we must assume the same reduction in capacity will be caused by the proposed BTP and SEP.

Again GMW states *“A standalone cost-benefit analysis (CBA) of the project has not been undertaken because of the inherent difficulty in quantifying the on-farm productivity and labour savings benefits of the proposed works prior to undertaking the works.”*

\$177.5 Million of taxpayer’s money is to be spent on this project, equating to an expenditure of \$11,000-\$12,000/ML, therefore as a Company Director of several businesses, I would have thought it would be absolutely imperative to undertake a Cost/Benefit Analysis.

Despite requests to GMW being made on several occasions for the meter or irrigation service point schedule of usage in the gravity irrigation districts, no information has been forthcoming.

Without a cost benefit analysis and information on actual water usage, how on earth can anyone discern if this project would contribute to the current and future viability of irrigation districts and dependent businesses?

As the GMID consumptive pool has dropped from 1600GL to 800GL, with last season gravity water usage plummeting to 530GL., indicating a very low efficiency rate, how will a further round of modernisation in any way contribute to future viability of the region. All the low hanging fruit of water savings has been taken, so what we have left are the areas where there are fewer savings to be had and channel decommissioning which many people were initially opposed to.

### **Close Engagement with Community and Industry Leaders**

Water Service Committees have had little detailed information regarding the projects which would enable them to circulate to their irrigators and communities any valid particulars. Powerpoint displays and documents simply give an overall description of the projects. This is unacceptable considering 153km of channels are to be decommissioned, 153 meters decommissioned and 838 meters modernised.

### **CONCLUSION**

GMW IS not a viable business with water usage as low as 530GL/yr. GMW acknowledges that water usage in the GMID has halved in the last 20 years. Further reduction to the consumptive pool in the gravity fed GMID caused by more modernisation and the subsequent repercussions will see greater volumes of water and entitlements heading downstream.

The reason that SDL projects will not be finalised and the 450GL upwater not recovered by 30<sup>th</sup> June 2024 is that the entire Basin Plan has been based on flawed modelling where reduced stream inflows due to climate change were never taken into account. It is time basin state ministers stood up and called for a review of projects which are simply not feasible. It is not just the fact that the June 2024 timetable is impractical and unachievable but so are many of the projects.

As the latest independent article on the MDB Plan states:

“It is time to acknowledge an unhappy truth. The failure of the Murray Darling Basin Plan has been a failure of politics but also, in large part, a failure of market design. Bad policy has turned the allocation of our most valuable resource into a gambling pit.

The ACCC’s interim report should be a turning point in Australian water policy. The report confirmed that our most important natural resource market has been botched. If not for COVID, this would be receiving much more attention. It should be a national debate, and possibly a national scandal.”

<https://pursuit.unimelb.edu.au/articles/how-to-undo-australia-s-epic-water-fail>

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