



9th January 2018

Barwon-Darling 101

- **Understanding the unregulated Barwon-Darling River and its water users**

Barwon-Darling Water

Barwon-Darling Water Inc and its members have been involved in the water reform process, especially in relation to the unregulated Barwon-Darling River, for many years.

Barwon-Darling Water is an independent, apolitical body funded by its members. It was set up to provide advice on the Barwon-Darling River to members and decision-makers, to assist with policy development, and to advocate on behalf of the interests of its members.

Our membership is made up of local water user groups – including local government, irrigators and riparian users. We represent all licence holders and water users on the Barwon-Darling – from Mungindi on the Queensland border to the Menindee Lakes.

Barwon-Darling Water has been deeply involved in water management activities and water reforms on the Barwon-Darling River over the past few decades. This work has included:

1. Co-operating with other stakeholders to create a set of environmental flow rules for the Barwon-Darling (through the first Barwon-Darling River Management Committee)
2. Assisting in development of the Barwon-Darling Cap Management Strategy of 2007;
3. Representation in development of the Barwon-Darling Water Sharing Plan 2012; and
4. Working as part of the Stakeholder Advisory Panel on development of the Barwon-Darling Water Resource Plan 2018.

We have also been involved in discussions regarding the Murray-Darling Basin Plan since the plan was launched in early 2007.

Barwon-Darling Water is a member of NSW Irrigators Council and the National Irrigators Council, and has very strong connections with other valley and industry groups including the Northern Irrigators Group and Cotton Australia.

Introduction

As a water user group, we believe that all stakeholders, and the Australian community, must be able to have confidence in the management of our water resources.

Everyone should have to abide by the rules, and the rules should be governed by a robust metering, monitoring and compliance regime.

In recent media around this issue there have been many allegations and much conjecture about the current situation in the Barwon-Darling, and more widely in the Murray-Darling Basin.

We trust that the various inquiries and investigations set up since July 2017 will uncover the truth about issues on the Barwon-Darling. We also look forward to some constructive recommendations on a way forward, rather than blindly accepting media allegations and trial by public opinion.

Several members of our organisation have been implicated by these allegations and we wish to address a number of these issues. We have been very disappointed to hear the many ill-informed comments in the media and in the public discussion that has followed these stories.

There were statements made in the original Four Corners program that were blatantly untrue, and commentary that exhibited an ignorance of the industry, water markets and recent water reform issues. Some of these comments – especially in the 4 Corners program – were quite childish and misleading.

These comments also ignored the enormous amount of work irrigators have done over the last twenty years during a massive water reform process; and they fail to appreciate the contribution irrigated agriculture makes in local and regional communities, and to the nation.

Over many years, and through many reforms, Barwon Darling Water has argued for a balanced outcome to ensure the various flow, cap, river and basin plans are fair and workable for all stakeholders, including the environment. Our members have worked tirelessly with other groups to assist in development and implementation of various plans, including the Basin Plan.

Barwon Darling Water and its members have always sought balance between environmental outcomes and the social & economic health of our communities. We are committed to establishing a viable, productive irrigated agriculture industry that relies on a healthy river.

We have shown a willingness to work with all Governments & stakeholders, to implement the Basin Plan. We were assured at various times that there would be no more negative impacts on our communities. This has not happened on the Barwon Darling where impacts have been much greater than planned.

However, we have continued to engage with NSW & the Commonwealth; assisting with the implementation of the Basin Plan. We have put our case; we have challenged unfairness at times; and we have asked for improvements and argued our case.

Compliance issues

It is not surprising that there are some problems with the current metering, monitoring and reporting regime on the Barwon-Darling. Barwon Darling Water has been bringing these issues to the attention of the NSW Government for more than a decade.

We have a file of correspondence on this issue, and as recently as 2017 we have been refused an effective fulltime meter reading service on the Barwon-Darling.

However, we do not believe the system is completely broken beyond repair. It just needs a commonsense return to old-fashioned procedures that have been successful in the past.

There are systems in place that can be improved – especially if the advice of water users and other local stakeholders are accepted and not ignored as in past years.

Most irrigators on the Barwon-Darling have excellent systems that measure water diversion and use and NSW has established compliance systems that, although not perfect, can certainly be strengthened without huge costs.

Barwon-Darling Water Inc has always supported a stronger system than currently exists; and we have addressed the historical background to metering and monitoring in this submission.

The Barwon Darling River

As many of the recent allegations have focussed on water users in the Barwon Darling, we believe it is important to know a little about the significance of the river and recent water reforms on the Barwon Darling.

The Barwon Darling River is part of Australian folklore. It is an important part of Aboriginal legend; the early poets such as Lawson, Ogilvie and Frank Brown wrote about it, and many of today's songwriters sing about the Darling and its tributaries.

It is home to several local Aboriginal nations; it was a magnet for the early white explorers; a highway for our early wool clip and town supplies; a lifeline in times of drought; a place of deep cultural & historical significance; a beautiful recreational resource for river communities; and a refuge for wildlife during periods of climatic stress.

The Barwon-Darling is a national icon – a unique, but typical Australian River. It has a rugged beauty and is robust but sensitive, supporting a large ecological community as well as a diversity of social, cultural and economic interests.

The Barwon-Darling River includes the Barwon River from Mungindi weir on the Queensland border to the confluence with the Culgoa River and the Darling River from this point runs down to the Menindee Lakes. Major tributaries (which also form part of the Barwon-Darling) are the Paroo, Warrego, Culgoa-Balonne, Moonie, Weir, Macintyre, Gwydir, Namoi, Castlereagh-Macquarie and Bogan Rivers.

Our Barwon Darling Communities have always expressed the need to maintain a healthy river while utilising the river's water resources for social, cultural and economic well-being. We all want to see the maintenance of:

- Native fish, flora and fauna
- Town water supplies
- The cultural significance of the river
- Recreational access to the river
- The beauty of the river for locals, and as a tourist attraction
- The pastoral and irrigation industries of the river region
- Economic development and healthy working communities

Finding a balance for all these values and interests is sometimes a difficult balancing act; but we must continue to find an acceptable balance as circumstances change.

Too much economic development – both upstream and within the Barwon Darling – will affect the riverine environment. On the other hand, returning too much productive water to the environment has, and will, severely affect the fragile regional economies of irrigation-dependent communities in this arid part of New South Wales.

Barwon Darling Water has been a big part of the discussion in trying to find this balance over many years. We have worked with successive governments and various stakeholder to implement the major water reforms on the Barwon-Darling since the early 1990's.

History of water management in the Barwon-Darling

There are 4 key elements to the recent history of water management in the Barwon-Darling:

1. Development of the **North West Interim Flow Management Plan 1992** to better manage unregulated flows to protect water quality and fish passage, without significantly impacting on water users. This plan established target flows at key locations, priorities for river health & riparian flows, a framework for sharing flows between irrigators, better management of diversions and improved monitoring & research programs. The plan included targets for riparian flows, algal suppression, and fish migration.
2. Adoption of **Barwon Darling Environmental Flow Rules**: following the COAG water reforms 1994, NSW introduced water quality & river flow objectives and embargoes on new licences to meet an agreed cap on water extractions in the Basin. In 1995 NSW established an independent Scientific Panel to assess the instream health of the BD River. The objectives were to identify flows required to reverse environmental deterioration, to assess low flow environmental water needs, and improve understanding of the ecology of the river. NSW then established a BD River Management Committee – including reps from BD Water, government agencies, environmental and other community stakeholders – to advise on flow rules based on findings of the Scientific Panel. The Committee's advice on environmental flow rules of April 1998 was adopted by the NSW Government. These rules lifted the threshold pumping levels along the Barwon-Darling substantially above previous levels. For example, the B Class pumping threshold at Bourke was raised from 390 megs/day to 1,250 megs/day.

3. **Introduction of a Barwon-Darling Cap Management Strategy** to place a cap on long term water diversions and further protect the environment and downstream users. This cap on diversions was developed by the NSW Government and various stakeholders, including our members. The cap management rules included a reduction of licensed entitlements by 65%, plus new carryover and trading rules. The Cap Management Strategy & EFR's (2 above) were included in the Barwon-Darling Water Sharing Plan that commenced in 2012.
4. **Barwon-Darling Unregulated River Water Sharing Plan 2012** – this first water sharing plan commenced after consultation with all stakeholders, including Barwon-Darling Water, Indigenous Groups, Environmental Groups, various state agencies including Fisheries & Environment, and Local Government. The plan provides the legal basis for water sharing on the Barwon-Darling between the environment & consumptive purposes. It integrates the Environmental Flow Rules & Cap management rules. Under the *Water Management Act 2000*, this sharing protects the water source and its dependent ecosystems and must protect basic landholder rights. Sharing or taking of water under any other right must not prejudice these rights. Water sharing rules in the plan include:
 - Environmental water rules – the share of water (94%) reserved for the environment;
 - Long-term average annual extraction limits to prevent growth in use;
 - Access rules – to determine when extraction is allowed (above set flow rates); and
 - Dealing rules, which govern water trade.

Extract from Barwon-Darling Unregulated Water Sharing Plan:

Water Sharing Plan for the Barwon-Darling Unregulated and Alluvial Water Sources 2012

Current version for 1 January 2015 to date (accessed 24 July 2017 at 12:41) Part 4 Clause 17

17 Establishment and maintenance of planned environmental water

(b) it is the long-term average annual commitment of water as planned environmental water in:

(i) the Barwon-Darling Unregulated River Water Source that results from the application of the long-term average annual extraction limit and compliance rules as specified in Division 1 of Part 6 of this Plan and the available water determination rules as specified in Division 2 of Part 6 of this Plan,

Note: *At the commencement of this Plan the long-term average annual commitment of water to the environment in the Barwon-Darling Unregulated River Water Source has been estimated to be 2,607 gigalitres per year made using the Barwon-Darling IQQM with system file LT92_30.sqq. This equates to approximately 94% of the long-term average annual flow in this water source.*

The health of the BD depends on floods, medium & high flows, low flows & dry spells. Scientists say the wetting & drying cycles are important for riverine health. The environmental flow rules are designed to protect the full range of flows that are critical to river health.

The current water sharing plan establishes five flow classes - very low flows, low flows, A class flows, B class flows, and C class flows - to protect the range of flows.

All water licences in the Barwon Darling are subject to “*start & cease to take*” rules that are based on these flow classes. These rules do not apply to licences for town water supplies or basic landholder right (stock & domestic). The access rules are specified for each of 14 management zones within the Barwon-Darling. The rules of the water sharing plan are being reviewed during the development of the Barwon-Darling Water Resource Plan.

With the introduction of Sustainable Diversion Limits (SDL) for the Murray-Darling Basin Plan, the Barwon Darling SDL was set at the average annual long-term cap of 189GL (previously 523GL) less another 6GL local reduction under the Basin Plan. So far, the SDL reduction has been 32.6GL – more than 5 times the original reduction target.

The Barwon Darling Unregulated Water Sharing Plan is the primary water access regulation document currently operating on the Barwon Darling River. The plan and a summary sheet of the plan rules are both available at <http://www.water.nsw.gov.au/water-management/water-sharing-plans/plans-commenced/water-source/bdua>

Unregulated Barwon-Darling River

The Barwon-Darling is the only large unregulated system in the Northern NSW portion of the Murray-Darling Basin. The term unregulated refers to the fact that the Barwon-Darling has no headwater dam to capture and release “regulated” water down the river.

Irrigators are subject to similar tight “rules-based” regulation of their operations as in other valleys. This includes a licensing and compliance system, regulation by the environmental flow thresholds (access conditions) and regulation by licence volumes (annual cap).

Irrigators on the Barwon-Darling build their own off-river storages to allow diversions to be maximised in the higher flow range where there is least impact. Most water is pumped into these storages during the high flow range so that water is available on-farm when the river is running at lower, more environmentally sensitive levels.

The irrigation industry on the Barwon-Darling has been metered for decades – firstly with Time & Event meters and then with the introduction of MACE volumetric meters.

These MACE meters originally installed by the NSW Water Department at total cost to irrigators, with the intention of calibrating meter readings along the Barwon-Darling, so that the Barwon Darling Cap model could be finally calibrated with updated data.

Although this work began in 2002 with the support of our members, it has never been completed, and the NSW department finally abandoned all involvement in the project.

Summary of losses to the irrigation sector under water reforms

Since the early 1990’s there have been many reforms and changes to rules that have hurt the irrigation sector in the Barwon-Darling:

- the Barwon-Darling River Management Committee work estimated that changing the flow thresholds was an effective cut of approx 10% in irrigation access in the BD;
- The Barwon Darling Cap Management Strategy reduced licensed entitlements on the river by a massive reduction 64% - 523GL to 189GL;
- Recent buybacks of 5 times the targeted Basin Plan figure (6GL to 32.6GL) has inhibited opportunities for farmers who have lost most of their water in the cap exercise to buy back to their previous active levels;

- Water trade has been restricted by this over-reach in Basin Plan buy back – so much so that it is a real restriction on trade;
- Under the Water Sharing Plan 2012, B class irrigators lost the opportunity to use the “notwithstanding” provisions previously attached to their licences, whereby access could be granted in a tight crop situation if rain has fallen and flows are already in the system.
- Approx 140GL has been lost in pumping embargoes in recent years.

These losses have all had devastating social & economic impacts on our local communities. It is false to claim that since 2012 irrigation has increased on the Barwon Darling.

MDBA figures since then, show that irrigation diversions on Barwon-Darling have been below cap in every year.

Diversions on the Barwon Darling are very low compared with large flows

According to the legal instrument that governs water sharing on the Barwon-Darling (the Barwon Darling Water Sharing Plan) 94% of the long-term average annual flow is reserved for the environment (see part 4, Clause 17 of the plan). This is confirmed by departmental models.

The remaining 6% is made up of diversions for irrigation, town water supplies, stock & domestic use and industrial use. This was the situation before the Basin Plan.

Since the beginning of the Basin Plan the Commonwealth government has acquired 32.6GL of the total 189GL of irrigation entitlement. This will increase the percentage of water reserved for the environment to about 95%.

These figures are like those published by the Murray Darling Basin Authority. The MDBA says average annual flows through Bourke are 3500GL and the Baseline Development Limit was 198GL (94% of average flow).

The Barwon-Darling is an episodic, ephemeral, largely-unregulated river which runs very low and very high flows.

It is either feast or famine, and the irrigation industry has had to adapt by building large off-river storages to allow the bulk of diversions to be maximised in the higher flow ranges where there is least impact on the river and downstream users.

The variance in flows is enormous – flows at Bourke vary from zero to 500,000 ML/day.

Published MDBA figures show that Barwon-Darling diversions account for .5% of all flows in the Basin and less than 2% of total Basin diversions.

When full, the Menindee Lakes evaporates more than twice the Barwon-Darling cap in 12 months.

Licensing regime

All irrigators must hold one or more Water Access Licences (WAL).

The WAL sets out the number of shares the entitlement holder has in the available water. The NSW Government determines the amount of water entitlement that can apply to that share on an annual basis. Normally each share is allocated one megalitre. Under the Water Sharing Plan there are 189,000 shares.

Water can be diverted only when legislated flow conditions have been reached. The river must be flowing at certain height thresholds before pumping begins.

These Environment Flow Rules are set out in a rules summary. Irrigation license holders must cease pumping when the flow at a gauge is equal to or less than the flow rate specified for each category of water access licences in the respective zone.

These “flows” are expressed as a flow in megalitres per day through two sets of nominated river gauges – one upstream of the WAL holder’s access point, and one downstream.

For example – a B Class WAL holder in the Culgoa River to Bourke management zone can only pump when the upstream Warraweena gauge is reading flow of more than 1330 MI/day and the downstream Bourke gauge is flowing at more than 1250 MI/day.

For “A” Class WAL holders, the relevant flow rates are 460MI/day and 400MI/day, and C Class holder’s thresholds are 1330MI/day and 11,000MI/day.

There are currently approx 210 water access licences on the Barwon-Darling, made up of the following classes and volumes:

➤ A Class	9,856 shares	113 licences
➤ B Class	131,393 shares	81 licences
➤ C Class	47,422 shares	16 licences

As can be seen in the rules summary, “A” class water is of higher security but is restricted in volume; as it can be extracted when river flows are at a lower level compared to “B” & “C” class licenses. Similarly, C Class licences have a higher “threshold” than B Class licences.

There is also a volumetric limit that applies to each licence. Under the cap strategy, licensees can “carryover” unused water from any year to future years. This reflects the episodic nature of the river and recognises that some years will have huge flows while others will be low flow. In this way diversions are managed into higher flow events which is better for the environment.

Total extractions are governed by the fact that NSW only credits the cap figure to each WAL annually, meaning that, even with carryover – the long-term average extraction cannot exceed the cap limit, the plan limit or the sustainable diversion limit.

To reach these limits on a long-term basis, the Barwon-Darling would have to retain the original Baseline Diversion Limit and have a perfect water trading system that utilises every megalitre of licensed water. Both scenarios are impossible.

Our comments on allegations of water theft and corruption, and reported breaches in the Barwon-Darling

Barwon-Darling Water is unaware of any theft and/or corruption in the management of water resources in the Barwon-Darling River system. We are also unaware of any corruption, or misconduct in water management and compliance actions within DPI Water.

The Barwon-Darling sits downstream of every major tributary of the Northern Basin, and all these tributary valleys have highly-developed irrigation industries.

Because of this development, natural flows into the Barwon-Darling have been reduced over time – by up to 40 or 50% in some flow ranges. Because of this, we are always concerned that upstream irrigators abide by water sharing rules.

As downstream licence holders, we know that water theft hurts our members – whether they be irrigators, local government bodies with town water supply licences or stock & domestic users exercising basic right access along the river.

Therefore, we support a robust compliance system that protects the rights of all water users, and that also protects the riverine environment.

We believe a good metering and monitoring program is 90% of any compliance program. If sound meters are installed, maintained and read regularly this forms the basis for measurement, management & compliance.

Our organisation and members has been involved in water reforms and input into water management issues on the Barwon-Darling for many years. We believe we have always acted and negotiated with honesty, fairness and integrity.

Some of the recent allegations of water theft have already been shown to be wrong.

From information provided, we believe that at least one of the high-profile water theft allegations is simply untrue. Unless there is further information of which we are unaware, it appears that the accused party was acting within licence conditions at the time.

We suspect that this is true of other accusations, and we are disappointed that the various investigations have so far been unable to find definite answers to any of these allegations of water theft and meter tampering.

As investigations continue to drag on with no resolution, the accused must live with the odium of accusation and suspicion while trying to live and work in small, closely-knit communities. If this is the outcome, the compliance system is failing all parties.

We believe that any allegation of water theft should be investigated quickly in a professional manner that respects the rights of all involved.

As we have pointed out previously, there have been many baseless allegations made and many statements in the media that are untruthful; especially in the 4 Corners program. Unfortunately, we must come along after the event; pick up the pieces and establish the truth.

Some of the untruthful statements made in the 4 Corners program and other media are as follows:

1. Two large irrigators on the Barwon-Darling own 70% of the water in the Barwon-Darling. The truth is that all irrigators own about 6% of average flows and that there are two large owners who own over 60% of the available 6%.
2. Since the 2012 water sharing plan, more water is being taken out of the river. The extraction limit has been reduced and the truth is that there is less water available for irrigation than ever before.
3. Many exaggerated and sensationalist statements were made at the beginning of the program, as follows

“more than a hundred years of greed, mismanagement and the plundering of one of Australia’s most valuable resources”; “billions of dollars of taxpayers’ money was committed in the hard won deal to save the inland river system from the ravages of heavy agricultural use - particularly the thirsty work of irrigating the vast cotton plantations of northern NSW & southern Queensland”; and “far from saving the river, the implementation of the plan has helped create a financial windfall for a select few.”

Any objective assessment of the Basin Plan could not justify these statements. They display a high degree of ignorance and disdain for the people who have worked hard over the past twenty year of difficult water reform. The Four Corners program made no effort to present a balance view of the issues; or even meet a basic standard of proof of the specific allegations. This, even though they had hours of on-camera interviews with stakeholders, refuting these suggestions.

4. The 4 Corners implication that water trading was introduced through lobbying by local irrigators was untrue. Comment in incredulous tones about water owners making money from trading revealed an immature understanding of the issues. Responses to these allegations need to clarify that it was the National Water Initiative of 2004 that required water trading along connected river systems.

There are many more documented untruths in the program – which seemed designed to reinforce negative attitudes towards irrigation farmers.

However, we understand that the community, all Basin States, and the Commonwealth must be assured that NSW is toeing the line, and ensuring that all water users are operating within licence and plan limits.

We understand that Queensland has decided to review & strengthen its own metering, monitoring & compliance systems. It is difficult to imagine that the other states are not checking their systems and procedures at this stage, and tidying up any lingering compliance issues.

South Australia recently had the embarrassing situation whereby the State Government itself was accused in media of diverting some 45GL of environmental water recently released by the Commonwealth Environmental Water Holder for environmental purposes.

Compliance with Basin Plan principles is an obligation of the Commonwealth, all the Basin States, and anyone that holds a licence to divert water. The MDBA and the Basin States will often have questions about compliance regimes, and that is why robust metering, monitoring, education and enforcement programs are required.

Recent History of Meter Monitoring & Compliance on the Barwon-Darling

Prior to 2007 when the Barwon-Darling Cap Management strategy was introduced, and since, Barwon-Darling Water has been pestering the NSW Government to implement a quality metering & meter monitoring & maintenance program along the length of the Barwon-Darling.

We have plenty of correspondence to this effect including to the Premiers Department and DPI Water and we are happy to provide further information on this matter. Below is a timeline that we put together to address the MDBA Review of Compliance:

- 1991** Big 1,000 km algal bloom in the Barwon-Darling. This event spurred some into action
- 1992** The Unregulated Flow Plan for the North-west of NSW was released with the primary objective to better manage unregulated flows to provide water quality & fish passage outcomes for the BD without significantly impacting water users. It established:
- target flows at key locations along the Barwon-Darling
 - priorities for river health and riparian flows
 - a framework for sharing unregulated flows between irrigators,
 - better management of water take, and
 - improved monitoring and research programs.
- The interim plan included targets for riparian flows, algal suppression & fish migration. At the same time, NSW published an Interim Licensing Policy for the Barwon-Darling. And DPI Water first introduced Time & Event meters onto pumps on the BD after trial failures with volumetric meters like Amiad and DataTracker 50 etc
- 1992** Mick Allen was appointed as a fulltime metering officer for the Barwon-Darling.
- 1993** By 1994 all B & C Class pumps were fitted with Time & Event meters, supplied and installed by DPI Water. A class pumps were not metered at this time.
- 1994** COAG endorsed a host of water reforms supported and introduced by the NSW Govt – including flow and water quality objectives, embargoes on new licences and an agreed cap on extractions for the Murray Darling Basin. Various reform continued, until...
- 1998** The NSW Govt set up the Barwon-Darling River Management Committee to advise on environmental flow rules for the BD based on the findings of a Scientific Panel. These rules were adopted at the beginning of 98/99, and have been in place since then.

- 1999** Funds were made available for the installation of Mace 1 volumetric meters; 20 were installed as a trial by the department and a Moree contractor Les Tidmarsh.
- 2002** The Mace 1 meters were replaced by Mace 2 meters and all B & C Class meters were included. Now, all B & C Class pumps on the Barwon-Darling had both Time & Event meters and Mace volumetric meters installed. This was important for calibration of historical water use and the cap model. Irrigators purchased these meters.
- 2007** The Cap Management Strategy was introduced. This included a large reduction of licensed entitlement (64%), to our 93/94 long-term cap number (523GL to 189GL), but with trading, carryover and continuous accounting so that diversions could mimic the variability of river flows and reach 93/94 average production levels.

This was the zenith! Since then it has been all downhill.

- 2009** Mick Allen left the Water NSW (he'd been transferred from Dept Water to State Water). His position was downgraded to a part-time job carried out by a meter reader from the Macquarie, with little dedicated service specified for the Barwon-Darling.

Around this time, NSW abandoned the Mace meter as the meter of record as some were believed to be unreliable. Later it was stated that installation was not ideal at some sites.

We understand that our meter reader was instructed in July 2017 to discontinue maintenance of the Time & Event meters, and not to replace batteries. When I asked how we could know how much water was taken by each pump, I was told we would have to go back to using diaries.

Previously (1992-2009) Mick Allen would carry out 4-6 meter reads pa with reports to users and provide basic meter maintenance (including battery replacement); or notification to irrigators of more complicated meter maintenance needs. Since then – we have been lucky to get 1 or 2 meter reads per year with little to no maintenance.

Barwon Darling Water has been complaining about the lack of attention to 1st class metering & monitoring because we pay for a service, and we expect better standards.

The state collects approx \$1.2 million pa from irrigators in the BD, and we are aware that NSW has also received many millions of dollars from the Commonwealth for compliance programs. This Commonwealth contribution is documented in the recent report by the NSW Ombudsman.

There is no doubt that the messy metering and monitoring system we have at this point is letting our members down, because it allows the media, and others, to make allegations that cannot be verified one way or the other.

We are hopeful this Inquiry will find in favour of returning to robust metering & monitoring services (with hands-on meter readers) that we had on the Barwon-Darling prior to 2007.

This sort of service protects all parties, including irrigators, who have allegations of water theft levelled at them from time to time. Water NSW operations staff have been talking to us since the interim Matthews Report with a view to improving the current service. However, our fear is that they are resisting the call to have a fulltime “hands-on” meter reader on the river.

The recent decline in confidence in the compliance system has coincided with the reduction of meter readers out in the field. While telemetry holds many advantages, especially as communication systems improve, nothing can replace boots & eyes on the ground. Our past meter readers could provide:

- first-hand eyewitness accounts of pumping events
- the status of all meters in the event of suspected tampering
- notice to licensees of maintenance requirements
- historical context of all meter operations; and
- community confidence that an independent person is monitoring pump use in all events.

These meter readers were expert in operational matters along the entire river system. They were a visible sign of government presence, and represented a vital element of any quality compliance system ie: monitoring and surveillance. Unfortunately, our calls for the return of a full-time meter reader on the Barwon-Darling have been falling on deaf ears.

Funding of Compliance

We also understand that, over the last 4 years, 2012 to 2016, DPI Water raised some \$30m from water NSW licence fees specifically for compliance actions. A further \$17m was also provided to NSW by the Commonwealth to fund water compliance activities.

In the Barwon-Darling we pay approx \$1.2m per annum for government services, including meter monitoring and compliance activities. It appears to us that there is no need to raise further funds for this activity – just a return to a robust system that existed ten years ago.

We endorse the NSW Minister's decision to establish a separate Natural Resource Regulator to handle compliance & enforcement. We hope that NSW can deliver an effective compliance regime that wins public confidence & stakeholder approval. Like all community members, water users need to be confident that everyone is operating within licence and plan limits.

Protection of Environmental Flows

The Four Corners program seemed to be alleging that Barwon-Darling irrigators were illegally taking water that had been purchased by the Commonwealth for the environment.

We understand that Water NSW has now confirmed that there was no purchased environmental flow in the Barwon-Darling River during the time of the Four Corners allegations.

We also know that, under the legal instrument governing access on the Barwon-Darling – the Water Sharing Plan and the Water Management Act 2000 – that irrigators on the Barwon-Darling are restricted by pumping thresholds and licensed volumes.

Providing irrigators are pumping within the licence conditions described in the rules of their Water Sharing Plan – there can be no accusation of illegal diversions, or theft of environmental water.

Protection of environmental flows on the Barwon-Darling River is already addressed by the Environmental Flow Rules that are assured by the start and cease-to-pump rules.

Any further protection of purchased environmental flows in the Barwon-Darling is being examined by a Barwon-Darling Stakeholder Advisory Committee which is currently considering the new Barwon Darling River Water Resource Plan. “Shepherding” Trials have already been held on the Barwon-Darling with the co-operation of Barwon-Darling Water.

The problem is that there are some important principles the SAP has been asked to consider. The implementation of the Basin Plan and making of the Water Resource Plans specifies that:

1. there will be no net reduction in planned environmental water and
2. there is to be no adverse 3rd party impacts on WAL holders; and
3. licences purchased by the environment will retain their original characteristics.

As explained earlier no 1 is not a problem as the environment’s share of average annual flows on the BD has been permanently increased by 32.6GL and the consumptive pool has been decreased by the same number. The SDL is now established well below the cap of 189GL.

Protection of environmental flows from the public dams in the headwaters of the tributaries is an issue because this water will be piggybacked on, or shandied with, ordinary unregulated flows. It will also cross over the boundaries of different water sources and plan areas.

The separation of environmental components for protection will ultimately require the implementation of daily event management in the Barwon-Darling – at great cost and effort. The Commonwealth has previously rejected paying the cost of such a system.

Given that the “extra” environmental portion of these flows will normally be small, and that Environmental Flow Rules and annual limits already regulate the take of irrigation water, this appears to be an expensive solution. Existing controls already guarantee all environmental flows in the Barwon-Darling.

The volumetric cap limit rule means that over the long-term, total allowable take cannot be exceeded, and the total environmental flow is preserved.

Shepherding of very low flows is already in place with the EFR’s and can be extended to bona fide purchased environmental flows at the low levels by use of IDELs (Individual Daily Extraction Limits) that are already provided for in the plan. The IDELs can be used to manage daily take and allow any purchased environmental water to flow through.

We totally reject the 4 Corners allegations that irrigators are taking purchased environmental water. Given our role over many years in assisting with implementation of environmental flows, improvements, plans and management strategies – we are offended to be accused in this manner by organisations that have not put their shoulders to the wheel.

The authorities must be very careful to separate allegations of illegal water take from impacts on environmental flows that may result from legal access to water. There is a huge difference between both scenarios.

The protection of environmental flows is already being addressed in the WRP process, and by NSW as part of its commitment to the Northern Basin Plan amendments agreed to by all Basin States at the June 2017 Ministerial Council meeting.

We would encourage this Inquiry to be wary of recommendations that amend the access rules of water licence holders as this will trigger significant negative impacts on the rights of all licence holders. It will also establish primacy of some water licences over others, depending on the identity of the licence holder. This is unfair, unjust and contrary to Basin Plan principles.

Through the SAP process there is already discussion happening between licence holders, the relevant NSW government authorities and the Commonwealth Environmental Water Holder.

All licence holders, including irrigators and the CEWH have equal property rights that must be respected within the current licence regime. It is important to recognise that:

- Barwon-Darling irrigators with all classes of licence are legally entitled to extract water when the river reaches threshold flow levels;
- The Commonwealth and Basin states have been aware since the Basin Plan was agreed, of the potential for these flow levels to be achieved via environmental water being released with other unregulated flows in the Barwon-Darling;
- This issue should be addressed in stakeholder discussions that recognise that a water licence is a significant financial asset for farmers; and
- The current Barwon-Darling Water Resource Plan SAP discussions have already begun a process of resolving this issue.

Pump size issue

Some of the allegations in the media have indicated there was something underhand about the change of pump size for “A” Class entitlements on the Barwon-Darling.

There is also a misunderstanding about how this difference came about. For example, in a submission to the Senate Inquiry by the Commonwealth Environmental Water Holder, the CEWH says that:

“In 2012, the Barwon-Darling Water Sharing Plan was changed to enable some irrigators to divert more water from low flow events”.

These assertions are untrue.

The 2012 Barwon Darling Water Sharing Plan came into being for the first time in 2012 – so no Water Sharing Rules were changed – they were all established for the first time in 2012 by incorporating previous reforms as discussed earlier.

In the making of the plan, the rules concerning A Class access to water were not changed at all from the rules previously established by the Barwon-Darling Environmental Flows Rules. The same pumping threshold levels were included along with the same volumetric limits.

From our discussions with senior NSW water staff members, we understand that when the water sharing plan was gazetted, this gazettal “turned on” the provisions of the Water Management Act 2000 and turned off the provisions of the old Water Act which had previously applied.

Stakeholders on the Barwon-Darling were unaware that this change to the provisions of the Water Management Act 2000 meant that extractions would be regulated by volume and thresholds only, not also by pump size or irrigated area – as had been previously been the case.

So, under the new Water Management Act 2000 – which we believe is consistent with the National Water Initiative – “A” class licence holders could utilise any size pump that is legally installed, to access their water and draw their entitlement.

However, they are still restricted by the same annual volumes as under the previous Act and the same thresholds.

This point is very important as many of the allegations are that more water is being taken than previously. This is clearly not the case. The only difference is, is that some of this “A” Class water is being taken at a different time.

Please note that the size or capacity of the pump does not change the overall amount a licence holder is licenced to pump. Pump size does not allow more water to be taken. Please also note that the changes were not due to changes to the Barwon Darling Water Sharing Plan, but to the change from regulation by one Act to a new Act consistent with NWI principles.

The media, the CEWH and others seem also to misunderstand the Barwon-Darling Cap issue.

CEWH has confused the licensing, cap and compliance issues as the media confused them originally. As outlined above, there is no way that the Barwon-Darling irrigators can exceed their long-term average cap levels or the Basin Plan sustainable diversion limit (SDL).

NSW only hands out the cap volume to irrigators and CEWH each year, so even with carryover the Barwon-Darling Irrigators can never reach their long term 93/94 cap levels.

With another 32.6GL reduction from the 189GL cap since cap was established, and an imperfect trading system, Barwon Darling irrigators can never exceed cap.

The issue of capped volume has been completely solved on the Barwon-Darling. We are also well below our sustainable diversion limit – set by the MDBA.

Allegations of inappropriate actions by DDG Water, Gavin Hanlon

In all our years as industry representatives, government has sought to engage with industry stakeholders to discuss, test and refine policy.

This has happened at the local member, ministerial and public service levels of government.

Barwon-Darling Water Inc was represented at the NSW DPI DDG's Industry Reference Group as I have already noted when giving evidence to the Matthews Inquiry.

The group was established by invitation from the DDG Water who seemed to want advice from representatives of all the major MD Basin valleys in NSW. The group was set up with a chairman and a written memorandum of understanding.

Stakeholder engagement has always been a critical part of NSW DPI and its previous incarnations; and is a feature of all government agencies that deal in public policy. There appeared to be nothing wrong with the setting up and operation of the IRG.

We understand that government sets its own rules of engagement and these rules are a matter for government.

We understand that some senior executives, including the DDG, did not attend appropriate public service training when they were recruited externally. This is disappointing and may reflect poorly on senior managers at higher levels.

The only criticism that might be levelled is that members of the IRG may have had favoured access to the DDG. We cannot comment on whether this is the case as we assume that the DDG had similar engagement with other stakeholder groups.

Furthermore, it is the DDG's responsibility, not ours, to ensure that s/he seeks input from all interested stakeholders so that all viewpoints are considered.

The IRG was formed when Basin states were considering their various approaches to Basin Plan implementation. We believe it was appropriate for the NSW to consider specialist advice from irrigation groups and others.

It is quite probable that NSW DPI and NSW OEH have also consulted with various environmental, indigenous and other stakeholder groups on similar water policy matters without reference to irrigation groups.

Barwon Darling Water, and all other members of the IRG, are advocacy groups set up to represent the interest of their water user members and local communities. In the case of Barwon Darling Water – our members include irrigators, irrigation-dependent businesses, stock and domestic users, and local councils with town water supply licences.

The formation of these sorts of reference groups is a usual and appropriate forum for engagement with stakeholders. As a major stakeholder group, Barwon-Darling Water will always engage in appropriate opportunities to present its case to government.

Good government often relies on good consultation, a balance of views and good advice. We expect that government agencies involved in natural resource management will continue engaging with specific individuals and groups with relevant insight, expertise and knowledge.

Potential undermining of the Murray-Darling Basin Plan

Even with the current disallowance disagreements, and NSW and Victoria threatening to pull out totally, it is hard to imagine any risk of undermining of the Murray-Darling Basin Plan.

It appears that the Plan - costing \$13B – has the explicit support of the Commonwealth and all Basin States.

It also appears to have the support of all major industry groups. The Plan still has its detractors, but they seem to be in the minority, and appear to have their heads firmly planted in the sand.

If we review the various final submissions to the MDBA's Northern Basin Review we see that there is total support for a balanced plan amongst northern basin water user groups.

Further, a review of the policies and actions of National Irrigators Council, NSW Irrigators Council, its various members and the various commodity groups like Rice Growers & Cotton Australian, reveals almost unanimous support for a fair and balanced Basin Plan outcome.

Progress towards the Basin Plan appears to be inexorable:

- The Plan has already recovered more than 2,000 of the 2,750GL;
- The 650GL SDL adjustment is being finalised;
- Minco is looking at options for delivering the “upwater” component of 450GL;
- Basin States are busily working on their Water Resource Plan obligations; and
- The Commonwealth is already managing a huge portfolio of environmental water.

It would be a disaster if the Commonwealth and Basin States were to allow the plan to be derailed now because of some unproven allegations of water theft in part of the Basin, or because NSW, and possibly other States, need to strengthen their metering & compliance systems.

The plan has been too expensive to allow failure. Beyond the \$13B price tag, water reform and water recovery has cost our communities dearly. Barwon-Darling Water members see first-hand the enormous social & economic cost to our irrigation-dependent towns and communities.

Throwing away all progress to this point would be pointless.

We totally agree with a comment made by the MDBA CEO Phillip Glyde on ABC Radio just after the 4 Corners program when he said: *“we have to stay the course; there is no plan B. We're on track and we're going to deliver”*.

SUBMISSION ENDS HERE....