



Riverina
WINE GRAPES
MARKETING BOARD

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Wine Grapes Marketing Board

Feedback
to the

Murray Darling Basin Authority
Guide to the Murray Darling Basin Plan

December 2010

Introduction

The Wine Grapes Marketing Board "Board" is a New South Wales Statutory Authority representing 425 wine grape producers based in the Riverina region and encompassing the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee.

The Board is constituted in accordance with the *NSW Agricultural Industry Service Act 1998* and it provides industry services as prescribed in the *NSW Wine Grape Marketing Board (Reconstitution) Act 2003*.

Wine Grape production in the region is irrigated based through water delivered by Murrumbidgee Irrigation Ltd, Coleambally Irrigation Ltd, Ground Water aquifers, River pumping from the Murrumbidgee and the Lachlan Rivers at Hillston.

The Wine Grapes Marketing Board rejects the proposed reduction in the level of consumptive use in the Murrumbidgee Valley as it will lead to far greater negative consequence than is being proposed within the Guide.

Wine Grape Grower Concerns

Many growers within our industry are concerned that if the Guide is introduced their allocations and access to water will be permanently reduced without proper compensation. Whilst it has been placed on public record by the current federal government and the opposition that any gap between the buyback process and the final Sustainable Diversion Limits (SDL) will be sought from willing sellers it is not legislated that this will occur.

The wine industry is currently in severe financial stress, regardless of the figures relating to finances in the out of date data presented in the Guide the industry is not stable in terms of trade and therefore cannot be regarded as a suitable market for water purchases from willing sellers. Farm gate returns for the majority of wine grape growers have steadily declined leading to an erosion of farm value in the region and growers may be forced to exit the industry through the "forced" sale of water.

The Guide should identify and address opportunities for infrastructure investment that will allow water savings to be returned to the environment rather than reducing the entitlements available for consumptive use by purchasing water. At the moment the infrastructure investments are occurring in an ad-hoc manner and should have been addressed by the Murray Darling Basin Authority as a priority through its thorough assessment of the Basin.

Infrastructure development in water saving technologies need to account for the efficiency costs of these measures. In the Murrumbidgee Irrigation District the system is largely managed by the use of gravity to deliver water to property boundaries and in a reducing number of horticultural properties it is still delivered to crops via gravity (26% of the production area still irrigate via gravity). When considering adoption of technology in irrigation it is critical to note that there may be environmental impacts of technology, via increased green house gas emissions derived from the manufacture of irrigation equipment and its ongoing operation.

The entire concept of the Murray Darling Basin Plan is to derive an environmental outcome for the river system but inevitably trying to do so may lead to unintended consequences impacting on the overall environment.

Concerns with the Murray Darling Basin Guide

The inability of the Murray Darling Basin Authority (MDBA) to adequately address and consider the social and economic impacts associated with the setting of the sustainable diversion limits (SDL) has led to an erosion of trust in the Authorities usefulness in the process. The guide reports that the impacts of the process will be in the vicinity of 800 jobs basin wide. This has since been amended by senior staff at the MDBA in recognition of the inaccuracies of the number. Such inaccuracies call to question the validity of the entire document and professionalism of the MDBA.

A noticeable downturn in the region has occurred as a result of the guide being released and many question their future within the industry if irrigation access is reduced. Morale in the region has been impacted and a number of growers have commented that they have had enough and will not be continuing given the limited future that the region has if the MDBA Plan is eventually adopted.

The Guide has disregarded the current levels of environmental water provided by producers in this region. These need to be accounted for in the modelling prior to seeking to take more.

Any water held for environmental purposes should not be able to be traded or used for any other purpose other than environmental watering. Such watering will need to be achieved efficiently and without third party impacts (eg. Flooding).

The efficiency of environmental water use needs to be addressed in the Guide and the final plan. Proposing to reduce irrigators entitlements via buyback for environmental purposes

without addressing how the environmental water will be applied efficiently is evident in the Guide.

Irrigators in the Basin have taken massive proactive steps forward in irrigation efficiency. Unless the Guide proposes or discusses ways and means of achieving similar efficiencies in the use of environmental water the document is flawed. Over bank events will have third party impacts as seen recently with the flooding rains that have occurred naturally. Other means such as works and measures for creating environmental watering efficiency need to be fully explored and explained in the Guide.

Sustainable yields

The National Water Commission defined in the National Water Initiative the environmentally sustainable level of extraction (sustainable yield) as: *the level of water extraction from a particular system which if exceeded would compromise key environmental assets, or ecosystem functions and the productive base of the resource.*

The proposed SDL's revealed in the Guide impact significantly on the productive base of the resource. It is therefore proposed that the Guide has exceeded the level of water extraction from the Murrumbidgee Valley as it would immediately reduce the productive base.

At the proposed reduction levels for the Murrumbidgee Valley much of this regions irrigation system would fail to be cost effectively operated by the water supply company. This would lead to higher delivery costs to irrigators and an overall increase in the percentage of water losses in the system.

Lack of Supporting Evidence for these Cuts

The Guide lacks any significant data to support the proposed cuts of the magnitude proposed. It is inconceivable that such an important document would lack the environmental watering plan that is part of the entire process being proposed.

Health of the River

The MDBA is seeking to restore flows out of the Murray Mouth as a means of increasing the ecological health of the river system. The legislation used to develop the Guide (*The Water Act 2007*) has used international treaties to provide the Commonwealth with the power to setup the MDBA to develop these SDL's. A number of the key environmental assets that have been declared as RAMSAR areas are on land areas that are highly questionable as to their environmental status.

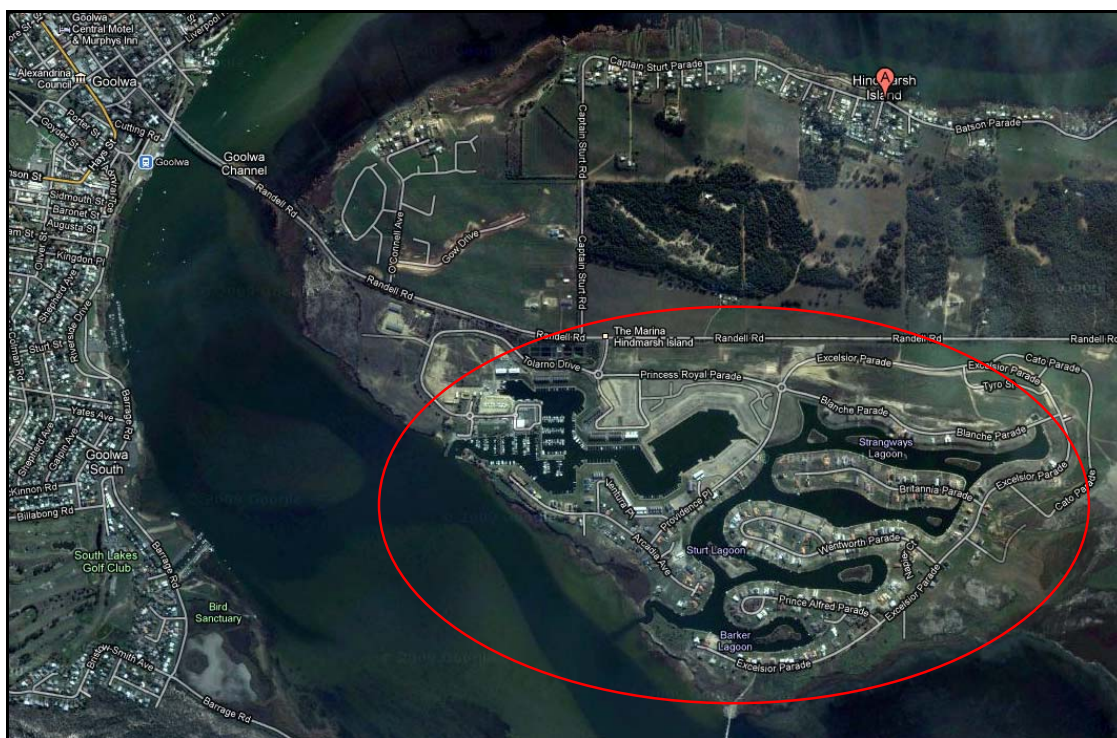
For example, the Lower Lakes system of the Murray-Darling Basin are artificial in their development and ongoing management due entirely to the barrages that are in place. Without these barrages being developed in the first instance it is highly likely that the Lower Lakes would not have suffered as much as they have in recent years.

The Lower Lakes once a tidal estuary has been turned into a septic pond that needs excessive amounts of water to keep it cleansed throughout the year. The surrounding areas should not have been allowed to be developed into any form of agriculture as it is completely artificial.

The Wine Grapes Marketing Board has toured this region many times during the drought to try and understand the region and its environmental needs. During these visits our members were extremely disappointed to see continued urban development in the region surrounding the Lower Lakes. Using Google Maps the Board was perturbed to see the extensive development that has occurred on Hindmarsh Island (see Figure 1). The marina development is extraordinary in that it relies on the Lower Lakes maintaining a continuous level to avoid the expensive motorboats and yachts from grounding.

It appears to the average person in this region that the main purpose of returning flows is to benefit individual interests based in the Lower reaches of the system.

Figure 1: Hindmarsh Marina (Source Google Maps)



The following images were taken in November 2010 by members of the Wine Grapes Marketing Board as a means of presenting factual evidence that the main basis for reductions in

consumptive use of irrigation is to maintain existing artificial levels in the Lower Lakes of the Murray River for the benefit of marina developers (Figure 2) and not stated environmental outcomes across the system.

Figures 2 & 3 Hindmarsh Island Marina Residences (Source WGMB)



As Figure 3 above shows the development is only part completed and this is based on the premise that continued flows and flows of an increased nature will occur in this region.

It is believed that the majority of property owners in this marina are residents of Adelaide whom either commute to work daily or use the marina as a weekend getaway. These are the same persons that continue to be a drain on the system that was not designed for them to take water.

Changing Weather Patterns

Much of Australia's dams were built to drought proof the nation following the severe and prolonged federation drought. Since their development not a great deal of further development has occurred that will ensure that Australia will be able to maintain its productive base into the future.

Australia needs to become more proactive in learning to identify appropriate environmental assets and in managing the environmental water through the use of engineering measures and not simply creating massive flood events to achieve environmental outcomes due to the damage that these cause.

Conclusion

The development of the Guide has been poorly handled as it does not adequately reflect the needs of the social and economic environment in the basin.

The Wine Grape Marketing Board will need to be assured that the Guide in any format adequately incorporates the social and environmental needs via appropriate consultation with industry, communities and regional business and does not impact on the productive base as

defined in the National Water Initiative prior to its endorsement of the Guide or the proposed Plan.

Written by

A handwritten signature in black ink that reads "Brian Simpson". The signature is written in a cursive style with a large, prominent initial 'B'.

Brian Simpson
Chief Executive Officer

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