



Queensland Murray-Darling Committee Inc.'s Submission on the *Commonwealth Environmental Water – Trading Arrangements Discussion Paper* 7 November 2011

27 April 2012

Submission to:

Commonwealth Environmental Water
Department of Sustainability, Environment, Water, Population and Communities
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This submission is presented by the Chief Executive Officer, Geoff Penton, on behalf of the Queensland Murray-Darling Committee Inc. (QMDC). QMDC is a regional natural resource management (NRM) group that supports communities in the Queensland Murray-Darling Basin (QMDB) to sustainably manage their natural resources.

1.0 Background

QMDC has made submissions and deputations to both the Australian and Queensland Governments seeking improvement to legislation, policies, and planning to both, prevent or manage impacts on the water resources in the catchments of the QMDB. These submissions and deputations have raised issues integral to regional governance, community engagement, water use efficiency, water resource planning, the protection of watercourses and aquatic ecosystems, CSG water management, and floodplain management. Below are listed some of the more recent policies and legislation QMDC has commented on:

- **The Proposed Murray Darling Basin Plan 2011**
- **The Environmental Protection and Biodiversity Conservation Amendment (Protecting Australia's Water Resources) Bill 2011**
- **Temporary State Planning Policy 2/11 Planning for stronger, more resilient floodplains - September 2011**
- **The Guideline for Underground Water Impact Reports and Final Reports**
- **Climate Change: Adaptation for Queensland Issues Paper**
- **The Inquiry into management of the Murray Darling Basin – impact of mining coal seam gas;**

Environmental Water Trading Rights

Submission



Funded by:





- **Feedback on the Queensland Murray Darling Authority's Position paper on localism;**
- **The *Guide to the proposed Basin Plan 2010***
- **Water and Other Legislation Amendment (WOLA) 2010 Bill**
- **Water and Other Legislation Amendment (WOLA) 2010 Exposure Draft Bill**
- **The Basin Plan: A concept statement July 2009**

- **Development of Sustainable Diversion Limits for the Murray-Darling Basin Issues Paper November 2009**

QMDC has also been an active member of the following stakeholder groups:

- The Lower Balonne Water Network
- Border Rivers – Gwydir Water Working Group
- The Border Rivers Environmental Watering Network
- The Queensland Murray Darling Basin (QMDB) Water Quality Technical Working Group
- QMDB Aquatic Conservation Assessment Expert panels
- CSG Regional Community Committees (QGC, Santos and Origin)
- CSG Water Stakeholders' Premier Advisory Group

2.0 General comments

QMDC agrees that options pertaining to the management of Commonwealth environmental water require on-going assessment. QMDC although it supports the criteria identified to inform assessment, also suggests there are other criteria which need to be applied in order to fulfil important sustainability factors integral to environmental water management. This is essential because the water market is still developing and stakeholders and regional communities have high expectations that processes and management options will be evaluated and implemented to a high degree of consistency within a sustainable development framework especially if new water products enter the market. The proposal to put in place a water trading framework that is well aligned to existing legislation, trading rules and the Basin Plan is also generally supported. However in line with comments above the key components of that framework need further consideration. QMDC believes the approach or approaches taken to engage the water market will not only depend on "circumstances" and a robust scientific analysis of catchment health but also a localised and specific scoping of the communities living in these catchments and their social and cultural needs and aspirations. QMDC supports strongly that trading arrangements operate to meet environmental objectives and not a profit making one and that this objective remains safeguarded by associated legislation, policy and planning instruments.



3.0 Specific comments

3.1 *What are your views on the portfolio management options which are outlined? Do you think that there are other issues which should be considered?*

- Assessment criteria to include stated principles and best practice and/or sustainability factors, for example: a “do no harm” principle that should be a caveat on all commonwealth environmental water trading (and delivery); no cold water pollution associated with environmental water releases (e.g. from Glenlyon Dam); no increased salinity risk due to trading water to irrigators in high salinity risk areas (or to water corporations that supply irrigators in high salinity risk areas) etc.
- The need to protect a public resource from foreign, private and corporate control and ownership of water.
- Articulate a position addressing issues related to trade participants and commercial gain over public interest.
- Need to consider links with sub-catchment planning and other landscape planning activities and the associated stakeholders in those catchments being considered for water trading and environmental watering
- Identify and evaluate value of trade in relation to long term sustainability and environmental water management objectives.
- Better alignment to and integration with regional planning instruments such as Regional NRM Plans, State WRPs, State Water Quality Management Plans, NFS planning documents, local and regional Wetland Management Plans etc

3.2 *What other trade scenarios could be considered to improve the overall capacity of the Commonwealth environmental water portfolio?*

QMDC suggest that temporary water purchases – for reducing diversions and engaging local communities in environmental watering is worthy of further consideration. This would require the allocation of an annual budget for temporary water purchases for immediate environmental needs.

The obvious benefits of this type of scenario include making environmental water available, and providing opportunities for local communities and Environmental Watering Networks to purchase strategic water resources in their regions

By buying temporary water there are a number of advantages over permanent entitlement:

- No initial expensive capital investment
- Purchasers would only be purchasing real ‘wet’ water, not paper entitlement.
- Negative impacts of permanent reduction in a region’s productive capacity are avoided – water stays in productive use until traded for use on environmental projects.
- CEWH could take maximum advantage of flows during dry periods, by purchasing water when it becomes available in the river to use for priority environmental watering projects.
- It shifts the focus of water recovery from one of ‘filling a quota’ to one that is entirely targeted at environmental outcomes.

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- Purchases would be driven by contingency plans in the Environmental Watering Plans that would carry out assessments and make plans prioritising when water should be purchased and when trigger points in environmental requirements are reached.
- It provides a possible source of cash-flow for farmers wishing to sell water to CEWH during times of drought.

Consideration would need to be given to whether this type of trade scenario requires the nomination of an amount of water to be tendered for or purchased annually for the next 10 years at a price based on current market value with CPI adjustment, whether the amount could be deemed to contribute to the reduced diversions under the *Proposed Basin Plan*; and whether the budget for the scheme should come from underspent buyback schemes.

Extracts below outlining the 2008 Narran Lakes temporary water purchasing outcomes highlight the capacity of temporary purchases to achieve environmental and social outcomes ordered towards sustainable water management for social, economic and environmental use:

“In April, the Murray Darling Basin Commission (MDBC) purchased 10,423 ML of irrigation water to provide environmental flows to the wetlands at Narran Lakes, maintaining lake water levels to sustain the breeding birds. Over 74,000 breeding pairs were recorded, including straw-necked ibis and royal spoonbills....The event also demonstrated that it is important that environmental watering events are supported by the local community. Media monitoring of the event indicates a positive local response from landholders... .. the four year Narran Lakes Ecosystem Project had a Community Reference Panel and provided briefings to the Lower Balonne Area Community Reference Group during the course of this project. There is some evidence that the willingness of the irrigator from whom the water purchase was made was influenced through his understanding of the importance of Narran Lakes through this project.”

(Alexandra, J, 2008, *Water markets and the evolution of irrigation in the Murray Darling Basin*, in proceedings from the 2008 River symposium, published online at <http://archive.riversymposium.com/index.php?page=2008>. Retrieved 17 April 2012)

3.3 *What are your views on the capacity building example?*

- Example seems logical
- It would be useful to analyse the various scenarios and trade positions in relation to Aboriginal cultural flows.
- As the mining industry “booms” are there any possible perverse outcomes or legislative anomalies related to the impacts of potential trading by CSG and coal mining companies?



3.4 *Do you agree with the proposed elements of the operating rules? What other issues may be covered by the operating rules?*

- QMDC does not agree with operating rules if the intention for public scrutiny is a process where public input and engagement regarding price, volume, location of trade etc is on “completion” of the trade (See pp. 12 -13)
- Need to illustrate how the Commonwealth Environmental Holder will be held accountable to public and regional interests, for example, what process is available to public if there are legitimate concerns regarding a proposed trade
- Proactive public engagement required with realistic timeframes within which the public and stakeholders can respond to proposed trade arrangements

3.5 *Do you agree with the proposed approach to developing a portfolio management strategy that will be publicly released? What other issues do you think could be dealt with in the strategy?*

- Yes
- Wider regional stakeholder representation on Advisory Committee, e.g. NRM and Aboriginal Community representation
- Commitment by the Australian Government to up-skill and train Committee members to allow fuller participation
- Need to articulate how the Chief Executive Instructions (CEIs) measure “the best value return” for any planned disposal or acquisition of public property (See p.14)

3.6 *Do you agree with the mechanisms for trade that have been identified and the relative advantages of each? Do you have any other suggestions about other mechanisms that could be used to engage with the water market?*

- No, the advantages have not been analysed in relation to possible negative or perverse outcomes
- Need to assess against social justice framework, and any barriers to potential trading such as accessibility and affordability issues relevant to potential traders
- Other criteria needed such as outlined that in paragraph 3.1
- EOI mechanism is a good way to assess all interested parties and any inequities that may exist in the trading market

3.7 *Do you think that there are other potential approaches or trade products that could be put in place to assist in achieving the objectives for the Commonwealth environmental water portfolio?*

QMDC suggests an approach that builds on collaborative partnerships and the integration of NRM and water resource management strategies and objectives promoted by key local and regional organisations and peak industry bodies is needed. QMDC, for example, includes water allocation and wetland management as two of six NRM portfolios in regional and landscape scale activities usually including public and private costs and benefits. In the delivery of environmental water it is imperative that this integration of environmental watering with other sustainability initiatives is not lost.



Promoting this type of approach will require the CEWH to actively engage with:

- Other Commonwealth Departments including those associated with the MDB, Environment, Agriculture, Cultural Heritage and Local Government
- State Governments and Regional NRM Bodies
- Local networks
- Authors and custodians of the “History of Effort” in integrated NRM documents including: Regional NRM Plans, State WRPs, State Water Quality Management Plans, NFS planning documents etc. (as indicated in Section 3.1)

Public benefits of outcomes from environmental water trading and environmental water delivery should be assessed against relative cost benefits of alternative or supplementary activities that support the same or an expanded range of environmental benefits with associated public and private costs.

3.8 Do you have any other suggestions or comments about the issues raised in this discussion paper?

- Monitoring issues
- The issues raised in 3.1 will require input from local experts and within this field there is an inherent risk of local expertise feedback being biased or filtered through biased stakeholders. Established stakeholders and networks are in part built on water resource planning (water quantity focused). This group is at risk of not being aware of initiatives and activities undertaken in environmental and water quality planning environments such as the Commonwealth CfoC programs and Q2 coast and country programs. This leads to the risk of a dis-connection between environmental watering planning, implementation and trading, and, natural resource management activities affecting common assets.
- The role of local environmental watering network groups in environmental watering plan development, adaptation and implementation really needs clarification and empowerment.
- On the trading, some assurance needs to be made that water trading does not in itself lead to environmental risks such as:
 - Cold water pollution issues in delivery, or,
 - Sales to irrigators in high salinity risk areas.

QMDC is concerned that there may be at times a temptation for the Australian Government to improve financial positions by selling “excess” environmental water and that financial pressures could result in minimal safeguarding of environmental assets against risks associated with water trading. Risks could be in the form of reduced future proofing of environmentally available water or from risks associated with alternative uses.