

NSW and the draft Basin Plan

Total annual average surface flows across the Basin: 32,800 GL

2009 Baseline Diversion Level (BDL): 13,623 GL
(incl. 2720GL interceptions such as plantations and farm dams)

Proposed Sustainable Diversion Limit (SDL): 10,873 GL
(SDL comes into legal effect in 2019).

Water recovery target by 2019: 2750 GL

- 21% of 2009 Baseline Diversion Level
- 25% of 2009 Baseline Diversion Level, excluding 2720GL in interceptions.

Water recovered pre-2009 baseline: 1213GL
(incl. Living Murray, Barmah Forest, Snowy River)

Water recovered since 2009 baseline: 1282 GL

- 1068GL through buyback and infrastructure
- 214GL NVIRP Stage 2 deal (planned by 2017).

Gap: 1468 GL still to be recovered by 2019.

Basin	Guide 3000 GL	Draft Plan	% change
North	630	390	-38
Southern connected	2274	2289	+0.6

Water recovery for catchment and downstream needs

The 2750GL water recovery target is broken into two components:

Catchment targets: A target has been set for each catchment to recover water to meet its own environmental needs from its own diversions.

Shared targets: In addition to the catchment targets, the MDBA proposes to recover a further 971 GL and 143 GL in the southern and northern Basin respectively, to meet 'downstream' needs such as the lower lakes, Coorong and Murray mouth.

Water to meet the respective shared targets may be sourced from anywhere in any catchment that the Government deems cost-effective to do so.

Water recovery targets in NSW Basin catchments with dairy

	Diversions GL (excl. interceptions)	Catchment target GL	Catchment % of diversions	Water recovered (30/9/11)	Gap to catchment target	'Shared' targets for downstream*
Murrumbidgee	2000	320	16%	137	183	971
NSW Murray	1708	262	15%	194	68	All southern connected catchments
Namoi	343	10	3%	5	5	143
Macquarie- Castlereagh	424	65	15%	66	-	Northern Basin
Lachlan	302	48	15.9%	48	-	N/A (disconnected system)

*The draft Basin Plan does not propose to recover water to meet the 143GL and 971GL 'shared' downstream targets for the northern and southern Basin on a pro-rata basis across catchments. Instead, the Government intends to source this water from anywhere it deems cost-effective and efficient to do so.

2015 Review

The MDBA proposes a review in 2015 to re-examine the SDL in light of environmental works and measures, changes to river management and advances in scientific knowledge.

The SDL may be increased or decreased as a result.

Parliament must approve any changes before the SDL comes into legal effect in 2019.

Filling the Gap to the SDL

The Murrumbidgee and NSW Murray still have catchment gaps to fill of 183GL and 68GL respectively, before additional water is recovered to contribute to the shared 971GL downstream target for the southern Basin.

On 15 November 2011, the Commonwealth announced funding for irrigation modernisation projects to save another 75GL in the NSW Murray, Murrumbidgee and Macquarie catchments.

These water savings will further close the gap in the Murrumbidgee and NSW Murray, and contribute to the 143GL northern Basin downstream component from the Macquarie valley.

However, a breakdown on the expected savings from each project in each catchment is not available.

NSW Basin catchments 2011

- Total dairy farms: 161
 - NSW Murray 110
 - Namoi 17
 - Macquarie 6
 - Lachlan 14
 - Murrumbidgee 14
- Milk production: 285 ML
- Farmgate value of milk: ~\$137 million
- Number of factories: 1 (Wagga Wagga)
- Total value-add of dairy product: ~\$342m
- Regional jobs (on and off farm): 1800
- Major markets: domestic and international

Dairy farmers have proved flexible users of water, steadily adapting their practices to produce more milk with less water over the last 20 years.

However, record low allocations during the drought – particularly in the NSW Murray irrigation districts – forced farmers into high-cost, temporary coping strategies that drove up farm debts.

In 2011/12, with the recovery in water storages, good export demand growth and improved milk prices, the NSW Murray region is now well-placed to rebuild herds, reduce farm production costs, reduce debt and increase milk production.

How well the region recovers depends on how the Basin Plan affects future water availability and affordability.

Dairy in New South Wales Basin catchments

Dairy farms located in almost every NSW catchment within the Murray Darling Basin collectively produce around 285 million litres a year. Most milk is transported out side the NSW Basin for processing, thus reduced production could have flow-on socio-economic effects well beyond Basin towns in dairy areas.

The NSW Basin is also an important source of affordable supplementary feed, such as lucerne hay, for dairy farms on the NSW coast. If water scarcity means less fodder is grown in the NSW Basin, dairy families as far away as Bega could suffer the flow-on cost and production implications.

Most NSW Basin dairy farms are in the NSW Murray region, where they are concentrated in the Murray Irrigation Limited (MIL) district.

Dairy is a significant local employer in the MIL district, with each farm employing an average of 5.5 people (including the owners). Dairy also plays an important role in sustaining local businesses, with farmers spending two-thirds of their income locally in towns such as Finley and Deniliquin.

Further, almost all milk produced in the NSW Murray region is transported to regional processing facilities in northern Victoria. Reduced milk production in the NSW Murray region will increase pressure on Victorian processors to rationalise operations, with far-reaching effects on local jobs, businesses, families and towns.

With around 20% of water entitlements held in the MIL now transferred to the environment, families in the MIL are vulnerable if more water is removed to help meet the 971 GL 'shared' water recovery target for downstream needs.

Reducing the total pool of water available for irrigation, trade and carryover to meet the 971GL shared target will affect the availability and affordability of water for dairy and other commodities in the MIL, particularly in drought years.

In turn, reduced cereal, rice and dairy production will undermine the viability and affordability of the MIL irrigation distribution system for all users.

Any growth in milk production will require continued investment and efficiency gains – an outcome hampered by the high debt levels many farmers accrued in the recent drought.

Australian Dairy Industry Council position

The draft Basin Plan has not effectively balanced environmental needs with those of the community and the economy.

1. SDL set to meet catchment environmental needs.
2. 2015 review to assess SDL in light of environmental works and measures, improved river operations and new knowledge in meeting downstream needs.
3. No further general buyback tenders in the southern system. Buyback limited to strategic purchases linked to community-led efficiency projects.
4. More funding to extend \$300 million On-Farm Irrigation Efficiency Program.
5. More funding for modernisation programs in the NSW Murray and Murrumbidgee, and rehabilitation of the Murray Swamps in SA.
6. Environmental objectives to be achieved using:
 - Environmental works for greater water efficiency and improved flows.
 - Improved river operations.