

Submission to the National Competition Council

April 2004

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THOMSON/MACALISTER ENVIRONMENTAL FLOWS TASKFORCE

The 2004 NCC Assessment Framework sets out that Council will complete the 2003 NCP assessment of Victoria's compliance with CoAG obligations in relation to the environmental flow arrangements for the Thomson, Macalister and Maribyrnong rivers in March/April 2004. The outcome of this assessment may have implications for the 2004 NCP assessment.

The 2004 framework outlines that if the water allocated for the environment is significantly different from that recommended by the best available science, Victoria should also provide information on:

- the process used to determine the environmental allocations (including the composition of reference groups and a summary of the environmental information made available to the affected community),
- the environmental risks posed (including an estimate of the extent to which environmental allocations are likely to affect the achievement of a healthy working river) and
- the nature of the case for socioeconomic tradeoffs from recommended environmental allocations.

Environment Victoria (EV) considers that there were serious deficiencies in relation to the process for preparation of the flow rehabilitation plan for the Thomson and Macalister rivers. These deficiencies are set out below.

A study of the Final Report and the Summary of Technical Information on Environmental Flow Options for the Thomson and Macalister Rivers reveals that the task of the Task Group was made more difficult than it should have been because there were deficiencies in the provision and consideration of essential information. The deficiencies in the process can be summarised under the following three headings:

- important information has been lost in the progression through to the Final Report,
- the Task Force did not receive important information until very late in the process,
- the Task Force did not consider all the information it could have and as a result was looking at problems rather than solutions.

Important information has been lost in the progression through to the recommendations in the Final Report

Section 5.1 of the Final Report understates the risks to environmental assets under flow scenario 2. This is illustrated in the Table 1 (Appendix 1) below which contains statements relating to flow scenario 2 from the final report, the summary report and the background reports.

EV contends that the understatement of risks to environmental assets in the Final Report weakened the resolve of the Task Force to recommend the full environmental flows. EV considers that this has seriously reduced the communities understanding of the risks to environmental assets and hence ability to comment on the Task Force's recommendations on environmental flows.

The Task Force did not receive important information until very late in the process

EV contends that a key part of the background reports, and hence a key factor leading to the recommendations of the Task Force was the report by Melbourne Water on the implications for Melbourne water resources of providing different environmental flow options.

This report is dated January 2004 which is less than one month before the Task Force had to release its report for community comment. The late delivery of this important information is also apparent in section 5.1.3 of the Summary of Technical Information where there is a statement that the Technical Audit Panel had not yet assessed the modelling undertaken by Melbourne Water. EV contends that this important information was provided far too late to enable the Task Force to adequately consider the implications of various options and to put forward appropriate recommendations.

As well as being too late the information provided by Melbourne Water was also inadequate. The first paragraph in section 5.2 of the Summary of Technical Information states that the modelling done by Melbourne Water assumes no long term offset measures to reduce demand. The Victorian Government has set a target of a 15% reduction in Melbourne's average per capita water consumption by 2010. Water retailers such as Yarra Valley Water have prepared a plan and are actively working with other water retailers, Melbourne Water and Government to achieve this target.

The Task Force did not consider all the information it could have and as a result was looking at problems rather than solutions

Appendix 1 in the Final Report of the Task Force is a list of possible water saving options. The first paragraph of the appendix outlines that this is a preliminary list that has not been formally considered by the Task Force and that additional options may be identified.

It is not surprising that the Task Force did not consider these options because they were not included in the Summary of Technical Information (January 2004).

The result of the Task Force having inadequate time to consider water saving options was probably that they did not realise that there is scope to achieve water efficiency savings that are greater than the scientifically recommended environmental flows. If this had been clear EV contends that the Task Force would have been in a position to recommend scenario 1, i.e. the full environmental flows recommended by the scientific studies.

This contention is borne out by a closer examination of the information in Appendix 1 of the Final Report by the Task Force.

The section in this appendix which deals with demand reduction in Melbourne lists seven dot points with water demand reduction measures totalling 88 GL/yr. The paragraph before these dot points states that these are the total annual estimated water savings available by 2050. This statement is not correct. The 88 GL/yr figure is the preferred water saving scenario in the report prepared by the Melbourne Water Resources Strategy Committee (WRSC). The measures listed in Appendix 1 of the Task Force Final report are only part of the full list of demand reduction measures set out in Appendix 4 of the WRSC Report.

The role of the WRSC was to develop a strategy to ensure a safe and reliable supply of water for Melbourne for 50 years. The terms of reference for this committee did not encompass the provision

of environmental flows in the Thomson River. The WRSC examined five options with various mixes of demand reduction and supply increases to achieve a safe and reliable water supply.

Table 2 (Appendix 2) below is an amended version of Appendix 4 from the WRSC report. This shows the 88 GL/yr demand reduction measures and 21 GL/yr supply increase measures in the WRSC preferred scenario. It also sets out the extra savings that could be achieved if the full list of demand reduction measures were implemented. The total of the extra demand reduction measures is 30.7 GL/yr. If these are implemented in conjunction with one of the measures to increase supply such as phasing out logging (20 GL/yr) there would be 50.7 GL/yr available the environment. This is 25% more than the 40GL/yr required from the Thomson River to satisfy the full environmental flows identified by the scientific studies.

EV appreciates that some of the measures in appendix 4 of the WRSC report are more difficult and expensive than those in the committee's preferred scenario. They are however achievable, especially if costs are spread across all Melbourne residents.

The fallacy with the Thomson Macalister Task Force recommendation for a four stage implementation program (recommendation 11) is that this will delay the introduction of some of the water savings activities such as regulation to achieve 35% substitute use in new subdivisions. If the full benefits of introducing water savings / recycling are to be achieved they need to be introduced now rather than waiting 10 years to do a review.

The section in appendix 1 of the Final Report by the Thomson/Macalister Task Force which deals with Macalister River/MID identifies various options for water savings. Funding of district infrastructure has the potential to save 12.7 GL/yr and construction of channel re-use systems at strategic locations a further 1.5GL/yr. This gives a total of 14.2 GL/yr which is slightly less than the 16.9 GL/yr reduction in the average annual supply to SRW that is required to satisfy the full environmental flows identified by the scientific studies.

The outcome of the very strong campaign by Gippsland residents to restore environmental flows to the Snowy River resulted in the policy whereby Governments invest in infrastructure projects and the resulting water savings are made available for the environment. This policy is currently being implemented in the Murray Darling Basin to facilitate return of environmental flows in the Snowy River.

EV considers that the same policy should apply in the MID whereby Government should invest in infrastructure projects to generate savings of at least 14.2 GL/yr in the MID and that these savings be dedicated to improving environmental flows in the Thomson/Macalister rivers.

The section of the appendix 1 in the Final Report which deals with Macalister/MID also identifies farm scale water saving measures that have the potential to generate savings of 60 GL/yr. Measures to reduce on-farm losses generally fit into two or a combination of the following two categories:

- a) those that maintain or increase production per unit of water used
- b) those which reduce adverse off-site impacts

Generally farmers will invest in category (a) measures if the likely returns exceed the costs of implementing the savings.

In the case of (b) or a combination of (a) & (b) there is often a case for Government investment to achieve the water savings. EV strongly supports recommendation 4.11 in the Green Paper on Securing Our Water Future. i.e. 'If Government were to invest to generate on farm savings then those savings should be directed according to the outcomes sought – environmental, regional development and or social outcomes'

Given the range of salinity and nutrient problems downstream of the MID, EV considers that there is a case for Government incentives to improve on-farm water use efficiencies and reduce harmful off-site impacts. EV considers that such a scheme can be devised whereby there is no adverse impact on net farm incomes and at least 2.7 GL/yr is made available to improving environmental flows in the Thomson/Macalister rivers.

EV also draws attention to Attachment 8 in the June 2001 NCC Assessment of Governments' Progress in Implementing the national Competition Policy and Related Reforms. This attachment refers to a review of unallocated water in Blue Rock Dam to be completed by August 2002. EV has been unable to find any reference to this report in either the Final report or the Environmental Flow Options Reports on the Thomson/Macalister.

While EV is generally supportive of the role of the NCC in improving environmental flows in stressed rivers it would appear in this case that the NCC March deadline for the review and the late delivery of key reports to the Task Force have inadvertently combined to a situation where the Task Force has made incorrect recommendations.

EV strongly recommends that NCC stipulate that key reports be made available to Task Forces at least 3 months before Task Forces' are required to release their reports for community comment .

APPOINTMENT OF STREAMFLOW MANAGEMENT PLAN CONSULTATIVE COMMITTEES

EV is disturbed by the inequitable composition of recently appointed Streamflow Management Plan Consultative Committees. These appointments make it unlikely that these committees will allocate sufficient water to meet the needs of environment.

Under s.29(2)(b) of the *Water Act 1989*, at least one half of the membership of Streamflow Management Plan Consultative Committees must consist of persons who are owners or occupiers of land in the area concerned. The Minister for Water has recently declared Streamflow Management Plan Consultative Committees that give landholders more than *double* and sometimes *triple* the number of representatives that are required under the *Water Act 1989*. The environment is represented by a single EV volunteer on these committees.

Additionally, s.29(2)(a)(i) of the *Water Act 1989* requires the Minister to make sure that, so far as is possible, all relevant interests are fairly represented on the Committee. This is not currently occurring.

The recently appointed Streamflow Management Plan Consultative Committees Consultative Committees include:

Olinda Creek Catchment Water Supply Protection Area . The Minister was required to appoint two landholder members, but has instead appointed six landholders, triple the number of members required by the *Water Act 1989*. The environment is represented by one committee member.

Steels, Pauls, Dixons and Creek Catchments Water Supply Protection Area. The Minister was required to appoint two landholder members, but has instead appointed five landholder members, more than double the number required by the *Water Act 1989*. The environment is represented by one committee member.

Stringybark Creek Catchment Water Supply Protection Area. The Minister was required to appoint two landholder members, but has instead appointed five landholder members, more than double the number required by the *Water Act 1989*. The environment is represented by one committee member.

At the same time as landholder representation has been substantially strengthened, the role of Government employees with skills in natural resource management have been weakened. EV requests that the NCC seek responses from DSE for the following questions:

- Why are the Flora and Fauna Division of DSE not members of the Streamflow Management Plan Consultative Committees?
- Why have *all* agencies except Melbourne Water been relegated to the role of observer/advisor and not retained their membership of the Streamflow Management Plan Consultative Committees?
- Why does the Minister for Water continue to appoint Chairs of the Streamflow Management Plan Consultative Committees from the already disproportionately advantaged landholder representatives and not a more neutral committee member?

Appendix 1

Table 1 – Flow Scenario 2 Statements from Final Report, Summary Report and Background Reports

Assets	Final Report	Summary Report and Background Reports
Wetlands	Removal of bankful and overbank flow recommendations leads to a large reduction in the chances that wetland objectives will be met.	Very low probability of rejuvenating wetlands in lower reach of Thomson and hence threat to wetland fish such as dwarf galaxis and wetland macro invertebrate communities. The SKM report also identifies 11 threatened water dependant birds in the Macalister valley downstream of Glenmaggie. Of these 5 are endangered and one (intermediate egret) is critically endangered and listed on the Flora and Fauna Gaurantee Act.
Geomorphology	Removal of bankful and overbank flow recommendations leads to a medium reduction in geomorphology processes	The high power bankfull flows in the Rainbow Creek were sought to develop a more stable channel form. The absence of these high power events will lead to a catastrophic event when large floods occur with a high level of bank failures and sedimentation.
Riparian Veg	Removal of bankful and overbank flow recommendations leads to a medium reduction in ecosystem processes	The potential for restoration of riparian vegetation in all reaches downstream of Cowwarr Weir will be reduced.’ The loss of the bank full flows will slow down the development of the river-floodplain interaction and will result in the continued domination of exotic terrestrial vegetation’.
Migratory Fish	The improvements in base flows and freshes mean that chances of achieving many of the biological objectives remains high	It should be noted that the comment in the Earth Tech report that has been put forward to justify the compromise of reducing winter flows is accompanied by a note that the migration patterns of fish may vary and is not fixed, therefore not providing the flow throughout the season will lower confidence in achieving the objective.
Summary	In Flow Scenario 2 the major change is the removal of bankful and overbank flow. This recommendations. This leads to a large reduction in the chances that wetland objectives will be met and medium reduction in geomorpholgy and ecosystem processes. However the improvements in base flows and freshes mean that chances of achieving many of the biological objectives remains high	scenario 2 is a relatively low risk option for in-stream objectives in most reaches, but a high risk option for the stability of Rainbow Creek, and the restoration of naturally flooded wetlands in the lower Thomson River

Appendix 2

Table 2 – Amended Appendix 4 from WRSC Report

Full List of Demand Reduction and Supply Increase Measures and Extra Savings

List of Demand Reduction Measures

Measure	Lever	Annual Water Saving by 2050	WRSC Preferred Scenario	Extra Savings if Full List Implemented GL/yr
AAA shower roses (commencing 2005)	Regulation Education	20,000 ML 7,000 ML	20,000 ML	
AAAA washing machines	Regulation Education	27,000 ML 2,000 ML	27,000 ML	
Garden practices (drip watering, tap timers, mulching, water saving plants)	Education & Incentives Education	5,000 ML 4,000 ML	4,000 ML	1,000 ML
No sprinklers on days over 33 degrees	Regulation Education	3,000 ML 1,000 ML) 2,500 M)
No sprinklers on total fire ban days	Regulation Education	1,500 ML 500 ML	500 ML))
No hosing of paths and driveways	Regulation Education	500 ML 300 ML	300 ML	200 ML
Increase volumetric charges on water bills	Regulation	5,000 ML	5,000 ML	
Seasonal pricing on water bills	Regulation	7,000 ML	5,000 ML	2,000 ML
Industry – water audits and management plans	Education & Assistance Education	9,000 ML 7,000 ML	9,000 ML	
New Subdivisions – rainwater tanks and/or recycling to achieve 15% substitute use	Regulation Education	14,000 ML 4,000 ML		
New Subdivisions – rainwater tanks and/or recycling to achieve 35% substitute use	Regulation Education	33,000 ML 9,000 ML	9,000 ML	24,000 ML
Existing Development – rainwater tanks and/or recycling at individual properties	Education & incentives Education	4,000 ML 1,000 ML	4,000 ML	
Water management plans for institutional and local govt open	Regulation Education	2,000 ML 1,000ML	2,000 ML	

spaces				
Other on-going measures including shorter shower times. Brushing teeth with tap off, use of swimming pool blankets, commercial car wash with recycling	Education & promotion Education	3,000 ML 2,000 ML	2,000 ML	1,000 ML
	Sub Totals		87,800 ML	30,700 ML

Measure	Additional Water Available per year	WRSC Preferred Scenario	Extra Saving if Logging Phased Out
Reconnect Tarago Reservoir with new treatment plant	21,000 ML	21,000 ML	
O'Shannassy Reservoir pipeline connection	22,000 ML		
Increased pumping into Sugarloaf Reservoir	35,000 ML		
Increased Winneke Treatment Plant capacity	37,000 ML		
Forest Management (phased out logging by 2021)	20,000 ML		20,000 ML
Sub Total		21,000 ML	20,000 ML
Total Extra Saving with Full List and Logging Phased Out			50,700 ML