



RICEGROWERS' ASSOCIATION
OF AUSTRALIA INC

**SUBMISSION TO THE NSW MURRAY
AND LOWER DARLING WATER
RESOURCE PLAN (SURFACE WATER)
STATUS AND ISSUES PAPER**

March 2017

1. INTRODUCTION

The Ricegrowers' Association of Australia (RGA) welcomes the opportunity to submit to the Department of Primary Industries NSW Murray and Lower Darling Water Resource Plan (Surface Water) Status and Issues Paper dated 17 February 2017.

2. THE RICEGROWERS' ASSOCIATION OF AUSTRALIA

The RGA is the collective voice of rice growers in Australia. The RGA represents the interests of around 1200 voluntary members. The main objective of the RGA is to provide members with strong and effective representation on issues affecting the viability of their businesses, their communities and their industry.

The RGA is made up of eight branches located across the Riverina rice growing regions of NSW. Each branch annually elects representatives to form the RGA Central Executive. The Central Executive represents their respective branches in determining RGA policy and projects.

The RGA is a member of the National Farmers Federation, National Irrigators Council and NSW Irrigators Council.

3. THE NSW RICE INDUSTRY

The NSW rice industry is located predominantly within the Riverina region of south-west NSW, with a small industry also situated in the Northern Rivers region of north NSW. Collectively, the NSW rice industry is home to bulk of Australia's total rice production

The NSW rice industry is reliant upon irrigation, mainly sourced from the Murray and Murrumbidgee valleys. Provided water is available, the NSW rice industry is considered one of the world's most successful rice growing industries, delivering significant yields while leading the world in water use efficiency.



For the five year period to 2015/16, NSW rice yields averaged 10.2 tonnes per hectare, with an average yield of 11.0 tonnes per hectare recorded in 2015/16. According to the United Nations Conference on Trade and Development (UNCTAD), Australia is classified as the most efficient producer of rice in the world. The NSW rice industry is also a world leader in water usage at 12

megalitres per hectare, with the world average being 15 – 20 megalitres per hectare, and with some countries using upward of 50 megalitres per hectare.

The regions rice growing success is mainly due to the temperate climate, the largely pest and disease free growing environment (requiring minimal chemical use), the heavy clay soils and the gravity fed irrigation systems which ensure efficient water delivery and use.

In a typical year the NSW rice industry produces around eight hundred thousand tonnes of paddy rice with a farm gate value of around \$350 million. The total industry value is well over \$1 billion each year. This makes the rice industry a significant economic contributor to the Riverina region of NSW. Furthermore, it is argued that a multiplier should be applied to this figure to account for the numerous times these profits change hands within the community, and this would in turn enhance the value of vesting to the community. Needless to say, the towns of Griffith, Leeton, Coleambally, Finley, Jerilderie, Deniliquin, Wakool and Moulamein are highly dependent on rice production for their social and economic wellbeing.

Additionally, rice growers have individually invested over \$2.5 billion in land, water, plant and equipment and collectively invested around \$400 million in mill storage and infrastructure through SunRice.

4. THE RGA'S POSITION

The RGA provides the following comments regarding the issues outlined in the Status and Issues Paper

4.1. Issue 3.1 How issues were identified

The RGA seeks that DPI Water engage in comprehensive public consultation with all respective water user groups during the Strategy and Rule Development phase of the Water Sharing Plan/Water Resource Plan review. The RGA is happy to assist in facilitating part of this consultation.

4.2. Issue 3.2 Supporting Aboriginal values and uses

RGA will consider this issue at the Strategy and Rule Development phase of the Water Resource Plan review/development process.

4.3. Issue 3.3 Improving water sharing

4.3.1. Clarifying and simplifying environmental water rules

The RGA seeks that two additional issues be included at item 4.3.1:

- Consideration of the opportunity to amend the operating rules for the planned environmental water accounts, to allow for more flexibility and hence the opportunity to achieve improved environmental outcomes; and
- Consideration of the opportunity to develop a Murray-Darling Basin Plan Supply Measure Project focusing on the improved use of the planned environmental water accounts to achieve a Sustainable Diversion Limit Adjustment Mechanism offset.

- Consideration of whether or not the Environmental Water Accounts should be debited when a spill occurs.

The RGA notes that the Murrumbidgee Status and Issues paper makes particular reference to the proposed Prerequisite Policy Measures at issue 4.3.2. the RGA further notes that these measures are equally applicable to the Murray Lower Darling and hence should be subject to adequate consideration as part of the Murray Lower Darling Water Resource Plan development process.

In considering the proposed Prerequisite Policy Measures, the RGA urges DPI Water to pay particular attention to any potential negative impacts to the reliability or accessibility of existing entitlements (including Supplementary Access entitlements) as consequence of the following:

- Measurement and re-credit of environmental return flows;
- Add environmental flows to tributary flows to connect mid-high level creeks and wetlands
- Suspend supplementary take or setting of 'no take' periods to protect first peak flows within agreed parameters

With reference to Figure 8 on page 19 of the Status and Issues Paper, the RGA notes that of the 12 sites on the Murray Surface Water Resource Plan Area (excluding the two Lower Darling sites) monitored for water quality, only 3 sites currently have poor water quality:

- Wakool River at Stoney Crossing (score 53),
- Wakool River at Kyalite (score 47),
- Tooma River at Warbrook (score 54)

One of these three sites exists within the unregulated system and hence cannot be targeted by the environmental flow provisions included in both the current Water Sharing Plan and the Murray Darling Basin Plan.

For this reason the RGA suggest that an issue to look into other non-flow measures to address the water quality issues in those localised unregulated areas.

The RGA further notes that Table 2 of the Status and Issues Paper provides that:

“Thermal pollution – cold water pollution occurs in the Murray River up to 300km downstream of Hume Dam due to extremely large Summer discharges”

The RGA suggests that as part of the development of the Water Resource Plan DPI Water should look into potential infrastructure solutions for addressing the thermal pollution.

Addressing both water quality issues in unregulated areas and thermal pollution should be considered as potential Supply and/or Complementary Measures for the purpose of the Murray Darling Basin Plan.

4.3.2.Improving plan objectives and performance indicators

With reference to 'Appendix 1: Draft objectives and strategies', the RGA seeks that the following strategies be identified as issues in themselves, as they are highly likely to result in third party impacts for existing water entitlement holders:

- Protection of low, medium and/or high flows;
- Restrict trading into water sources;
- Protect a portion of tributary inflows;

- Identify and encourage cost effective measures to address identified medium and high risks to ecosystems related to water quality degradation, and to contribute to achieving the defined targets where they are not being met.

In particular consideration must be given to any likely impacts to reliability for existing entitlement holders, the apportionment of any associated operation expenditure or capital expenditure related to these objectives, and the opportunity for any sustainable diversion limit offset from these strategies.

Furthermore, the RGA refers to the strategies regarding water quality and algal blooms and recommends investment be made into determining the causes of these events prior to attempting to address these events with measures. It is unlikely that any measure to address these events will be effective if we are not yet aware of the causes that need to be mitigated.

4.3.3.Reviewing trade rules

The RGA seeks that the operation of the Murrumbidgee Inter-Valley Transfer account be considered by both the Murrumbidgee and Murray valleys as part of the Water Resource Planning Process, noting each valley is equally impacted by the operation of this account.

In particular, the RGA has concerns regarding the relationship between carry-over and the operation of the account, noting that the account is continuously accounted, despite the water determinations for the water transferred through the account not being continuously accounted.

4.3.4.Improving water supply

The RGA seeks that an additional issue be included under the title 'Improving Water Supply':

- Consideration of Section 55 'Taking of uncontrolled flows under regulated river (general security) access licences', and in particular whether or not the requirement that the sum of available water determinations for regulated river (general security) access licences be less than or equal to 0.6 ML/unit of share component for supplementary water to be debit to regulated river (general security) access licence water allocation accounts.
- The opportunity to make additional supplementary announcements. It is currently understood that if the relevant authorities determine that the total volume of a supplementary event will be insufficient to meet demand, then no supplementary announcement is made. Consequently the water is not utilised by any water user. It is suggested that the review consider whether or not a different approach be taken to these supplementary events.

4.3.5.Improving available water determinations and accounting rules

In considering the issues identified herein, the RGA requests that careful attention be paid to any potential impacts to the reliability of existing entitlements.

4.3.6.Cease to pump rules

RGA will consider this issue at the Strategy and Rule Development phase of the Water Resource Plan review/development process.

4.3.7. Defining water source boundaries or descriptions

RGA will consider this issue at the Strategy and Rule Development phase of the Water Resource Plan review/development process.

4.3.8. Reviewing mandatory conditions on licences and approvals

RGA will consider this issue at the Strategy and Rule Development phase of the Water Resource Plan review/development process.

4.3.9. Adjustments to reflect water efficiency projects

The RGA request that the Water Resource Plan process consider any opportunities to operate the Murray Lower Darling Water Resources in a more efficient manner to decrease losses and make available additional water for water users. Such projects could potentially be considered as Supply and/or Complementary Measures for the purpose of the Murray Darling Basin Plan, or could otherwise assist to increase the reliability of current entitlements. It is important however that any such projects do not result in negative third party impacts for existing water users.

4.4. Issue 3.4 Complying with the SDL

The RGA strongly encourages DPI Water to consider a flexible mechanism for complying with the Sustainable Diversion Limit. With reference to paragraph 2 of issue 3.4, the RGA strongly encourages DPI Water to maintain a under and overs mechanism for determining compliance. For example when there is low water availability and total annual diversions are below the SDL, this could potentially allow a credit for water diversions in future years, i.e. a rolling average type mechanism.

In addition, the RGA cautions against any future changes to the Long-Term Diversion Limit Equivalent (LTDLE) factor as part of the Water Resource Plan process. Any change to this factor for existing general or high security entitlement holders is likely to result in changes to the value of the asset. Taking into account the large amount of investment in entitlement across the whole of the NSW Murray Valley, this would result in major economic detriment to the whole of the NSW Murray Valley.

4.5. Issue 3.5 Environmental watering

Issue 3.5 paragraph 3 provides:

“The Basin Plan requires the Water Resource Plan to provide for environmental watering to occur consistent with the Long-Term Watering Plan. However, the way the environmental water is used, and any changes to management to facilitate its use, can affect water availability for other water users. For example, it could result in changes to water conveyance losses that impact on water available to licence holders.”

However at paragraph 1.1 provides that one of the principles guiding the Basin Plan is:

“there will be no adverse impacts on water available to water access licence holders”.

Hence issue 3.5 paragraph 3 above is in direct conflict with the above principle and consequently should not be subject to consideration.

We further note that currently proposed Prerequisite Policy Measures will likely result in adverse impacts on water available to water access licence holders, and hence must be amended to prevent these impacts prior to being finalised.

4.6. Issue 3.6 Managing risks

4.6.1. Risk of insufficient water for the environment

The RGA notes the following two sentences include in the 'Status' section:

“Risk mitigation strategies have been proposed that seek to improve the variability and naturalness of low and medium flows through the current review of environmental water allocations and the ways in which irrigation water is delivered.

The mitigation of risks associated with higher or less frequent flows will be addressed through the Long-Term Watering Plan developed by the Office of Environment and Heritage”

The RGA has strong concerns about this paragraph and in particular the risk that such changes will result in third party impacts for existing entitlement holders, including impacts upon reliability and or access. The RGA cautions against the Office of Environment and Heritage developing strategies that propose changes to the way in which irrigation water is delivered, and requests that those with expertise in river operations be consulted in this regard. Nevertheless the RGA seeks that any proposed changes to either environmental water allocations and/or the ways in which irrigation water is delivered, be subject to adequate consultation with the irrigation sector.

4.6.2. Risks to water availability caused by increase in number of farm dams

RGA will consider this issue at the Strategy and Rule Development phase of the Water Resource Plan review/development process.

4.6.3. Risks to water availability arising from climate change

The RGA strongly believes that one of the main risks for the Murray Lower Darling Water Resource Area is a reduction to the reliability of existing water entitlements, in particular General Security water entitlements.

Not only will a reduction to the reliability of entitlement reduce the productivity of the entitlement, but will also result in a reduction to the value of the entitlements. Noting the large value currently invested in water entitlements throughout the Murray Lower Darling Water Resource Area, and reduction to reliability would have huge economic impacts for the irrigators' and their associated communities'.

There are two main potential sources that will lead to a reduction to the reliability of entitlements:

- Climate; and
- Government policy and regulation.

It is important that both potential causes be acknowledged at risks.

4.7. Issue 3.7 Improving water quality

The RGA strongly encourages DPI Water to consider any opportunities for Basin Plan Supply and Complementary Measures when developing 'measures that contribute to the achievement of water quality objectives' as part of the development of the Water Resource Plan.

Furthermore, the RGA refers to the strategies regarding water quality and algal blooms (and black water events) and recommends investment be made into determining the causes of these events prior to attempting to address them with measures. It is unlikely that any measure to address these events will be effective if the causes of the event are unknown.

Please otherwise see comments included at paragraph 4.3.1.

4.8. Issue 3.8 Managing in extreme events

In considering the management of critical water needs in extreme events, the RGA seeks that SPI Water take into account the operation of the Snowy Hydro Licence, and in particular the Dry Inflow Sequence Volume and Drought Account.

5. CONCLUSION

The RGA thanks DPI Water for the opportunity to participate in the review of the Status and Issues Paper and looks forward to further participation in the consideration of the final list of Issues.

6. CONTACTS

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