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# Australian Government: The Treasury

## Employment White Paper (the White Paper)

### Terms of Reference

### RGA Submission – November 2022

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#### Introduction:

We appreciate being given the opportunity to comment on this very important issue. We're also pleased to see that ensuring full employment for all Australians of working age is such a high-profile priority for the Albanese Government.

Recognising that the Terms of Reference for the White Paper are quite broad-reaching, we intend to focus our comments on the challenges and solutions that are of most relevance to our industry. These will incorporate the following:

- Improving labour market outcomes for those who live in rural and remote areas.
- Building more resilient supply chains, including in a changing geopolitical climate.
- The role of collaborative partnerships, ideally focused on place-based approaches.

We'll also take the opportunity to offer our reflections on the types of Commonwealth policies that are more likely to sustain full employment in our region, noting that this was a key matter identified in the *Issues Paper* that was released ahead of this year's Jobs + Skills Summit.<sup>1</sup>

More broadly, it was also good to see that one of the identified areas for further work coming out of the Summit was for government, industries and unions to create a *tripartite agriculture workforce working group*.<sup>2</sup> We look forward to engaging with the working group to advise on the best ways to skill, attract, protect and retain workers in our industry.

#### Improving Labour Market Outcomes for Those Who Live in Rural and Remote Areas:

We support the Treasury's view that: "...those living in certain regional and remote areas face specific barriers to entering the workforce."<sup>3</sup> We'd argue the ability for many rural and remote industries to create and maintain jobs would count as one of these specific barriers.

For the rice industry, labour outcomes are directly dependent upon reliable water access.

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<sup>1</sup> [Jobs and Skills Summit - Issues Paper | Treasury.gov.au](https://www.treasury.gov.au/~/media/135263/135263main.pdf).

<sup>2</sup> [Jobs and Skills Summit September 2022 – Outcomes \(treasury.gov.au\)](https://www.treasury.gov.au/~/media/135263/135263main.pdf).

<sup>3</sup> [Jobs and Skills Summit - Issues Paper | Treasury.gov.au](https://www.treasury.gov.au/~/media/135263/135263main.pdf) p. 2.

Virtually all the rice grown in Australia is concentrated in the Murray and Murrumbidgee Valleys of southern NSW (the 'Riverina'). With headquarters and production facilities located primarily in Leeton and Deniliquin, both towns are more than 300 km from Melbourne, and more than 550 km from Sydney. Like most irrigated agriculture, rice offers a good source of high-paid employment in these more remote locations.

Rice is an annual crop, that is typically switched 'on' or 'off' depending on water availability. There's a strong correlation between our expected access to water and the total rice area harvested in any given year.<sup>4</sup> Despite the challenges, Riverina rice production has done an excellent job of establishing itself in the highly variable climate of the Murray-Darling Basin.

As highlighted in Figure One, as an annual average over the past approximately 10 years, we've contributed \$400 million into rice-growing communities, and provided 400 jobs across the Riverina.<sup>5</sup> Over this time, the industry has also been recognised as one of the Riverina's major enterprises and key economic drivers, which – along with dairy in the Murray and horticulture in the Murrumbidgee – has traditionally made-up around 75% - 90% of farm businesses.<sup>6,7</sup>

Looking forward, in terms of domestic production, a solid Australian rice pool will remain the foundation of the industry's business model.<sup>8</sup> This is supported by the strong recovery in our domestic production and performance every time our access to water improves.<sup>9</sup>

As we'll discuss in the next section, our water access is not just tied to rainfall. Government policy – especially national policy – pulls an extremely influential lever as well.

### **Building More Resilient Supply Chains, Including in a Changing Geopolitical Climate:**

SunRice is the consumer brand and trading name for Australian-grown rice. Demand for rice products is in excess of 1.1 million paddy tonnes per year. With 11 supply sources across the world, resilient international supply chains can be maintained, while also ensuring that Australian-grown rice is reserved for premium markets. This allows the highest possible return for growers, which in turn benefits the labour markets and communities where they grow.<sup>10</sup>

As shown in Figure One, despite the vagaries of climate, between 2008-2009 and 2018-2019, an average of 629,000 tonnes of rice was grown each year in the Riverina. This output was also achieved despite our available water being reduced by almost one-third under the Murray-Darling Basin Plan. By comparison, average production was closer to 780,000 tonnes per year between 1998-1999 and 2007-2008, which included a year of almost zero production due to the Millennium Drought.<sup>11</sup>

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<sup>4</sup> [Rice farms in the Murray-Darling Basin - DAFF \(agriculture.gov.au\)](#).

<sup>5</sup> SunRice, internal commercial data.

<sup>6</sup> [AppendixC Murrumbidgee community profile.pdf \(mdba.gov.au\)](#), p. 899.

<sup>7</sup> [AppendixC NSW Central Murray community profile.pdf \(mdba.gov.au\)](#), p. 964.

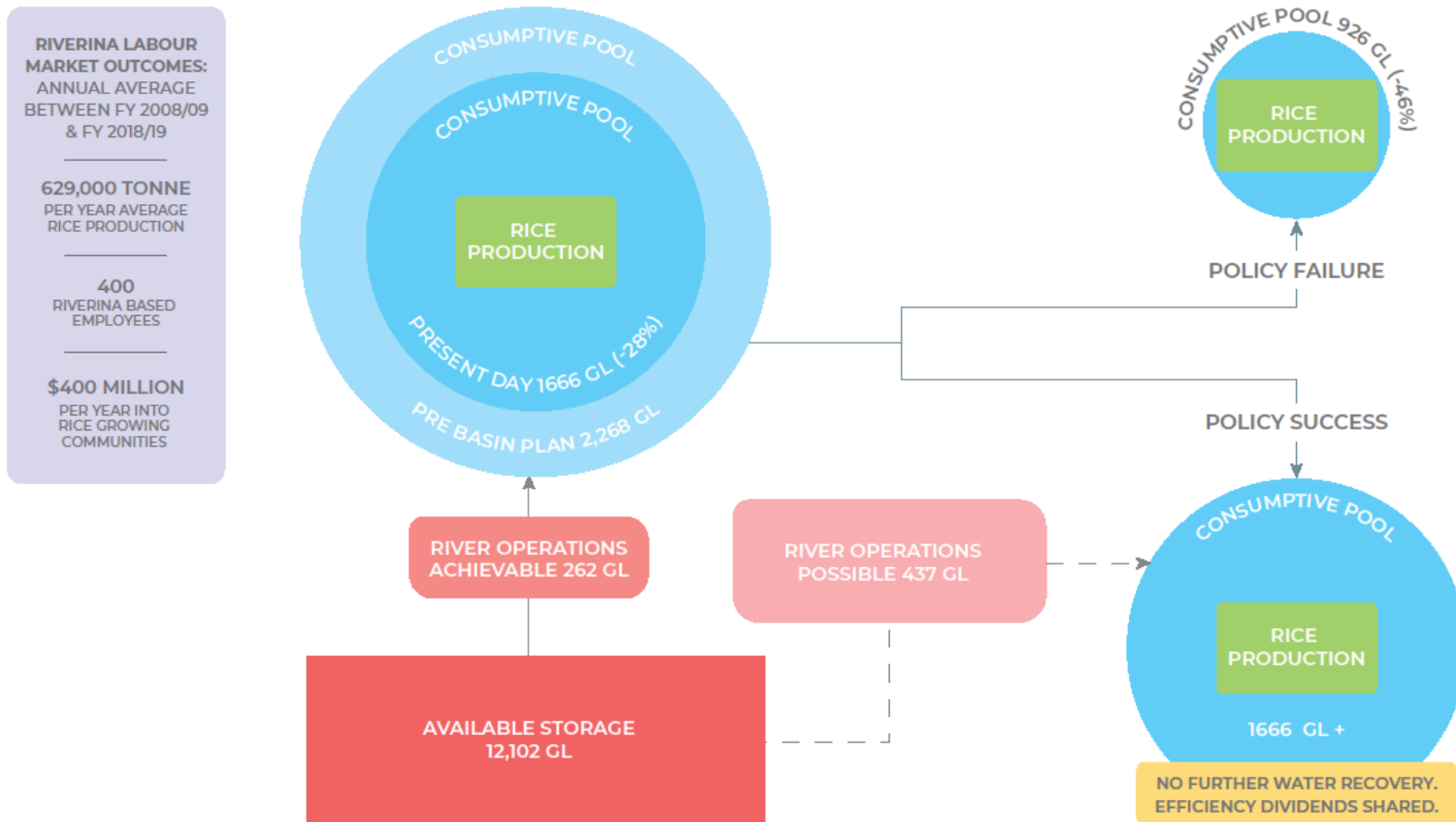
<sup>8</sup> [Annual Report 2022.pdf \(sunrice.com.au\)](#), p. 17.

<sup>9</sup> Ibid. p. 4.

<sup>10</sup> Ibid. p. 15.

<sup>11</sup> [Australian rice markets in 2020 - DAFF \(agriculture.gov.au\)](#).

**Figure One: Australia's Rice Industry – Building More Resilient Supply Chains & Improving Rural and Remote Labor Market Outcomes.**



While our growers have been broadly supportive of the Basin Plan, and the need to improve environmental outcomes – in part through water recovery – we cannot help but feel conflicted.

As recently noted by the new CEO of the Murray-Darling Basin Authority, irrigation dependent communities have done the ‘heavy lifting’ in terms of the Basin Plan’s success.<sup>12</sup> Our growers have also fully cooperated with the new extraction limits under the Plan, and been assessed as compliant with them every year since they became legally enforceable.<sup>13</sup>

Alongside this, we know we have important roles to play in terms of boosting agriculture’s farm-gate output by \$20 billion over the next 8 years<sup>14</sup>, and in contributing to full employment and increased productivity growth by way of these much-needed employment reforms.<sup>15</sup> These are national policies we’re very supportive of, and would be able to make a strong contribution to, despite the ongoing climate variability that we manage year-on-year.

Where we’re struggling is that we’re now also being told – in many ways for the first time since the Basin Plan properly commenced – that another 740 GL must be taken from our remaining consumptive pool.<sup>16</sup> This directly conflicts with the actions we’ve described in the previous paragraph. When it comes to irrigated agriculture, the Federal Government can’t do both. Figure One paints this picture quite starkly.

What Figure One also demonstrates is that the size of the consumptive pool we draw from to grow rice across the Riverina is a very small proportion of the water that’s in storage in the Murrumbidgee Valley and across the shared Murray River. Figure One further shows that there’s plenty of opportunity remaining within river operations to make more water accessible to the environment and other users, without ever needing to go back to the consumptive pool.

For a government that has set ambitious targets across a range of potentially conflicting portfolios, we believe this is the only sensible and fair way to go.

### **The Role of Collaborative Partnerships, Ideally Focused on Place-Based Approaches:**

We strongly support Treasury’s interest in solutions that are based on good collaboration with government, and partnerships that are informed by the places where they’re located.<sup>17</sup> Federal funding remains available to finish implementation of the current Murray-Darling Basin Plan<sup>18</sup>, and we believe it would be best spent in this way.

While the Basin Plan applies system-wide, its definition of success will vary valley-by-valley. In many ways, each of these valleys is on its own – unique – water management pathway, and will therefore require fit-for-purpose solutions that are capable of achieving multiple sustainability requirements across the environment, community, industry and First Nations.

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<sup>12</sup> [Address to the National and Rural Press Club | Murray-Darling Basin Authority \(mdba.gov.au\).](#)

<sup>13</sup> [Sustainable diversion limit accounting and reporting framework | Murray-Darling Basin Authority \(mdba.gov.au\).](#)

<sup>14</sup> [2021\\_2030\\_Roadmap\\_Report\\_Card\\_FINAL.pdf \(nff.org.au\).](#)

<sup>15</sup> [Terms of Reference | Treasury.gov.au.](#)

<sup>16</sup> [New report signals Murray-Darling Basin Plan water recovery shortfall | Murray-Darling Basin Authority \(mdba.gov.au\).](#)

<sup>17</sup> [Terms of Reference | Treasury.gov.au.](#)

<sup>18</sup> [October Budget 2022-23 - Water fact sheet \(dceew.gov.au\).](#)

For our industry – and our specific geographic location in the southern Murray-Darling Basin – the consumptive pool truly has been pared-back as much as it can be. As we highlighted earlier, where opportunity remains however, is in those volumes that we are completely disconnected from – including by trade.

Principally, these opportunities will be found via efficiency improvements in terms of how our water is stored and how our water supplies are delivered to us. This view is backed by independent government research<sup>19</sup> and page 6 of this submission provides some further specific examples of projects that would benefit from urgent exploration.

In addition, opportunities to secure future stock and domestic and water utility supplies through efficiency improvements have not yet been fully exhausted.

We believe what we've described above is a sensible way forward, especially because our remaining water access needs to rapidly evolve so it better matches current – and expected future – climate variability. Better matching of available water to demand and efficient use will also be important for the environmental outcomes governments are trying to achieve.

While the prospect of further water recovery is concerning, we're encouraged by the messaging from Canberra that all options are on the table, and social and economic factors remain a key determinant in all related decision-making.<sup>20</sup> We're also reassured by the commitment of Basin Governments collectively, that projects with the least impact on communities and the consumptive pool will be given every chance of success.<sup>21</sup> Ideally, all future efficiency dividends would be fairly shared between the environment and other users.

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<sup>19</sup> [A4 Portrait Report \(dcceew.gov.au\)](https://www.dcceew.gov.au)

<sup>20</sup> [Tanya Plibersek | Murray Darling Basin Plan can be frustrating, but it's working \(canberratimes.com.au\)](https://www.canberratimes.com.au).

<sup>21</sup> [Murray-Darling Basin Ministerial Council Communique | Murray-Darling Basin Authority \(mdba.gov.au\)](https://www.mdba.gov.au).

### Figure One – References and Calculations:

- 1. Available Storage** is the full supply volume of the Murray shared storages (Dartmouth, Hume, Lake Victoria, Menindee Lakes), of 9,269 GL.<sup>22</sup> This amount is added to the total active storage volume for the Murrumbidgee (Blowering and Burrinjuck) of 2,833 GL<sup>23</sup> to give a total figure of **12,102 GL**. In the Riverina, rice is predominantly grown from allocations to General Security licences, which are all sourced from this total figure.
- 2. River Operations** deliver the water in Available Storage to the end-user. Work over the past 10 years confirms that substantial volumes of water can become accessible to users through better storage management and more efficient water delivery.

**Achievable:** Is the volume already identified as achievable via independent assessment.<sup>24</sup>

RIVER OPERATIONS PROJECT	MAXIMUM VOLUME (GL)
1. Computer Aided River Management for the Murrumbidgee River.	21 GL
2. Barmah-Millewa Forest Environmental Water Allocation.	40 GL
3. Hume Dam Airspace Management.	70 GL
4. Flexible Rates of Fall in River Levels Downstream of Hume Dam.	25 GL
5. Structural and Operational Changes at Menindee Lakes.	106 GL
	<b>262 GL</b>

**Possible:** These projects match the above, but haven't been captured by formal policy.

RIVER OPERATIONS PROJECT	MAXIMUM VOLUME (GL)
1. <u>Improved Regulation of the River Murray</u> : "... by implementing the proposed rule change, the previously estimated increase of an additional 110 GL/yr of operational loss ... can be avoided." <sup>25</sup>	110 GL
2. <u>Optimisation of Tar-Ru – Lake Victoria</u> : The purpose is to "... develop a risk-based framework for making decisions about the timing and volume of Hume – Tar Ru transfers" <sup>26</sup> , that minimise the risk of resource loss through storage spills and conveyance losses. The last major consideration of this type resulted in the <i>Lake Victoria Operating Strategy</i> <sup>27</sup> , which created an average of 19 GL of additional flow to South Australia in dry years (p. 33).	19 GL
3. <u>Murray Reconnected Floodplains</u> <sup>28</sup> : Rejuvenates 74,000 ha of floodplains using a modernised supply network to 'create a large scale connected ecosystem' (p. 6). Independent assessment of a similar style of project assigned 25 GL to 6,000 ha of inundation. <sup>29</sup>	308 GL
	<b>437 GL</b>

<sup>22</sup> *River Murray Weekly Report* (p.8), 16.11.2022, [River-Murray-Operations-Weekly-Report-16-November-2022.pdf \(mdba.gov.au\)](#).

<sup>23</sup> *Water Allocation Statement* (p. 5), 15.11.22, [Water Allocation Statement - Murrumbidgee - 15 November 2022 \(nsw.gov.au\)](#).

<sup>24</sup> [sdlam-independent-indec-status-assessment-report-april-2021.pdf \(mdba.gov.au\)](#).

<sup>25</sup> [10-Improved-Regulation-of-the-River-Murray-IRRM-Current-notification-Amendment-1-Redactions-applied.pdf \(water.vic.gov.au\)](#), p. 50.

<sup>26</sup> [Review of impacts of system-wide drivers on Tar-Ru - Scoping report - Stage 1 \(mdba.gov.au\)](#), p. v.

<sup>27</sup> [Lake Victoria Operating Strategy 27 MAY 2002 \(mdba.gov.au\)](#).

<sup>28</sup> [Murray-Irrigation-Regional-Recovery-Prospectus-2021-2026.pdf \(murrayirrigation.com.au\)](#)

<sup>29</sup> [sdlam-independent-indec-status-assessment-report-april-2021.pdf \(mdba.gov.au\)](#), p. 42.

**3. Consumptive Pool** is the volume of water available for allocation to General Security licence holders in the Riverina. Four scenarios are presented.

Pre-Basin Plan: Indicates the volume of the Consumptive Pool immediately before concerted environmental water recovery efforts under the Basin Plan. It's the sum of General Security entitlement on issue in the NSW Murray (1,301 GL + 372 GL = 1,673 GL) and the Murrumbidgee (1,891 GL), which gives us a total of 3,564 GL.<sup>30</sup> This becomes a volume of water when the relevant 'factor' is applied (1,673 GL x 0.699 = 1,169 GL) and (1,891 GL x 0.591 = 1,117 GL) = **2,286 GL**.<sup>31</sup>

Present Day: Is the size of the Consumptive Pool after 10 years of concerted environmental recovery under the Basin Plan. It's arrived at by subtracting the volume of General Security licence now held by the environment<sup>32</sup> from the calculation undertaken above: (i) (1,301 GL – 364 GL = 937 GL) + (372 GL – 119 GL = 253 GL) + (1,891 GL – 478 GL = 1,413 GL) = 2,603 GL; (ii) (1,190 GL x 0.699 = 831 GL) + (1,413 GL x 0.591 = 835 GL) = **1,666 GL (-28%)**.

Policy Failure: In relation to the White Paper would occur if future proposed environmental water recovery came solely from our remaining Consumptive Pool. It's arrived at by subtracting the proposed recovery volume (290 GL + 450 GL = 740 GL<sup>33</sup>) from our previous calculation: 1,666 GL – 740 GL = **926 GL (-45% Present Day & -60% Pre-Basin Plan)**.

Policy Success: Is an outcome that delivers the White Paper's priorities for rural and remote communities, while quarantining the remaining Consumptive Pool from future environmental recovery. Figure One shows the possibilities in relation to Available Storage and River Operations. In addition, opportunities to secure future stock, domestic and water utility supplies through efficiency improvements have not yet been fully exhausted.

**4. Riverina Labour Market Outcomes** describe the local economic impact that our industry can have.<sup>34</sup> The outputs described in Figure One have been delivered – on average – every year over the past approximately 10 years, in the face of extreme drought and flood, and severely exacerbated by a 28% reduction in our allocation pool.

For the 10 year period, 2008-2009 to 2018-2019, the average annual rice production was 629,000 tonnes.<sup>35</sup> Specifically, in Crop Year 2018, 632,000 tonnes were harvested, drawing on the efforts of 400 Riverina-based employees, and contributing around \$400 million into these rice-growing communities.<sup>36</sup>

By comparison, in the years between 1998-1999 and 2007-2008, average annual production was closer to 780,000 tonnes per year, which included a year of almost zero production due to the Millennium Drought.<sup>37</sup>

<sup>30</sup> [2021-22-Water-Markets-Report-1.pdf \(aither.com.au\)](#), p. 30.

<sup>31</sup> [NSW Derivation of LTDLE factors](#), pages 32 and 29.

<sup>32</sup> [2021-22-Water-Markets-Report-1.pdf \(aither.com.au\)](#), p. 30.

<sup>33</sup> [New report signals Murray-Darling Basin Plan water recovery shortfall | Murray-Darling Basin Authority \(mdba.gov.au\)](#).

<sup>34</sup> SunRice, internal commercial data.

<sup>35</sup> [Australian rice markets in 2020 - DAFF \(agriculture.gov.au\)](#)

<sup>36</sup> SunRice, internal commercial data.

<sup>37</sup> [Australian rice markets in 2020 - DAFF \(agriculture.gov.au\)](#)