



**Submission to the Senate Rural and Regional
Affairs and Transport Legislation Committee**

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**Inquiry into the Water Amendment (Review
Implementation and Other Measures) Bill
2015 [Provisions]**

February 2016

1. INTRODUCTION

Thank you for the opportunity to make a submission on the Water Amendment (Review Implementation and Other Measures) Bill 2015.

The Ricegrowers' Association of Australia (RGA) represents the interests of around 1200 voluntary members, based in the main rice growing areas of the Riverina region of south western NSW.

RGA is a member of the National Farmers Federation, National Irrigators Council and NSW Irrigators Council, and support their submissions to this inquiry. Our submission is focussed on matters pertaining to the potential impacts of the provisions of the Bill on both the Murray and Murrumbidgee valleys, where the rice industry is based.

2. INDUSTRY INFORMATION

Rice is grown in the Riverina region in south-west NSW, predominantly across the irrigation areas of the Murrumbidgee and Murray valleys. The industry is also currently expanding into North Queensland to diversify climate and water availability risks. However, the vast majority of Australia's rice will continue to be supplied out of the Riverina as it is one of the best rice growing regions in the world, provided water is available. The temperate climate ensures high yields from extended and clear daylight hours, and a largely pest and disease free growing environment requiring minimal chemical use during production and storage. The soils are ideal heavy clay for rice growing and gravity fed irrigation systems deliver water to the crops efficiently.



In a typical year, the industry produces around eight hundred thousand tonnes of paddy rice with a farm gate value of over \$300 million. Last year, growers in the Riverina planted 67,000ha of rice, despite modest allocations and high temporary water prices. With world-highest average yields of over 10 tonnes of rice per hectare, this produced 690,000 tonnes of production, with a farm gate value of nearly \$300 million. Our ability to continue to produce rice last season was due to the returns per ML our growers are able to attract. This is due to a number of factors including:

- the clean, high quality niche varieties we grow;
- consistently high yields;
- the world's most efficient rice watering practices;
- an integrated rice farming system enabling mutual benefit between rotating crops;
- world's best practice storage and milling; and
- highly sophisticated branded marketing into over 60 countries around the world.

After value adding by the grower-owned milling and marketing company SunRice, 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. The towns of Griffith, Leeton, Coleambally, Finley, Jerilderie, Deniliquin, Wakool and Moulamein are highly dependent on rice production for their social and economic wellbeing.

3. RGA COMMENTS: WATER AMENDMENT (REVIEW IMPLEMENTATION AND OTHER MEASURES) BILL 2015

3.1 Section 27: Amendment to Section 106 - Limitation on disposal of water and Commonwealth environmental water holdings (Item 27)

- RGA supports the CEWH using the proceeds of the disposal of water allocation for the purpose of 'environmental activities'. RGA believes that the CEWH should be provided with flexibility in the use of any funds generated by trade, provided these funds are used for the purpose of improving environmental outcomes.
- However RGA understands that under the current NSW cost sharing framework for water infrastructure, all water entitlement holders are required to contribute equally to the cost of operating the water infrastructure managed by the NSW government.
- RGA therefore seeks legislative reassurance that if the CEWH uses the funds generated to construct new infrastructure within the river system, for the sole purpose of achieving environmental outcomes, under the guise of an 'environmental activity', then the CEWH will be responsible for all future costs associated with this infrastructure.
- This principle can also be applied to any other form of 'environmental activity' that may have on-going future costs which other stakeholders may potentially have to fund.

RGA recommendation: Amend section 27 of the Bill to include an additional provision within the replacement section 106 which ensures that the Commonwealth Environmental Water Holder will be responsible for all future costs associated with any such 'environmental activity'.

- In addition, RGA seeks that CEWH be provided with the flexibility to use the trade proceeds to fund the water charges it incurs. Currently these charges are funded by the tax-payer. Providing the CEWH with the flexibility to use the funds for its water charges will mean that the Commonwealth government is able to divert these tax payer funds to another purpose if need be. This prospect may be important for the Commonwealth in a tight fiscal year.

RGA recommendation: Remove the amendment to section 106(4) included in the Bill.

4. RGA COMMENTS: WATER ACT 2007

4.1 Section 23A(4) - Proposing adjustments of long-term average sustainable diversion limits

- RGA recommends that the 5% limit to the total adjustment to the Sustainable Diversion Limit be removed.
- The SDL Adjustment Mechanism is a rare glimmer of hope found in the Basin Plan as it allows for the implementation of a triple-bottom line approach to water recovery. It provides a win-win solution for the environment and the Basin communities. More specifically, the mechanism allows for the environmental objectives of the Basin Plan to be achieved without having to remove productive water from communities. For this reason RGA does not support a limitation being placed on the use of the SDL Adjustment Mechanism and believes that all potential supply measure 'off-set' projects should be properly investigated and if worthwhile implemented.

RGA recommendation preferred option 1: Remove subsection 23A(4) of the Water Act 2007.

- Alternatively RGA recommends that the adjustment limit be amended from 5% to 6% to allow for the full 650 GL adjustment to be achieved.

RGA recommendation option 2: Amend subsection 23A(4) of the Water Act 2007 to read:

(4) One or more adjustments may be proposed by the Authority under paragraph (1)(a), and an adjustment may be proposed under paragraph (1)(b) as a result of those adjustments, only if the total Basin adjustment percentage is no more than 6%.

4.2 Section 86AA(3)(b) - Water for the Environment Special Account

- Section 86AA(3)(b) requires the Commonwealth to recover 450 GL regardless of whether or not this recovery will enhance environmental outcomes.
- RGA does not support the recovery of the additional 450 GL of water entitlements. The current Sustainable Diversion Limit of 10,873 GL has been determined as the environmentally sustainable level of take. The implementation of the SDL requires the removal of 2750 GL of productive water for the purpose of achieving this sustainable diversion limit. The recovery of this water has severe economic and social impacts for the communities from which the water is recovered.
- RGA can therefore not understand why the Commonwealth would suggest causing further economic and social pain for communities, through the removal of an additional 450 GL, if the Basin environment has already been determined to be healthy.
- For this reason RGA recommends that the subsection 86AA(3)(b) be removed from the Water Act 2007.

RGA recommendation preferred option 1: Remove subsection 86AA(3)(b) from the Water Act 2007.

- Alternatively it is suggested that subsection 86AA(3)(b) be amended to include the wording “up to”.
- The inclusion of this wording provides the Commonwealth with the flexibility to make a calculated assessment as to what additional water (if any) should be recovered upon completion of the recovery of the initial 2,750 GL.
- Once the initial recovery is completed, the Commonwealth will be in a better position to assess the environmental, economic and social impacts of the initial recovery, and to determine the impact that any future recovery will have, including determining whether or not the additional recovery will actually achieve the objective of the Special Account namely to ‘enhance the environmental outcomes that can be achieved by the Basin Plan’. It may well be the case that only part of the 450 GL is required to achieve this objective; however the current wording of this subsection would require the Commonwealth to recover the full 450 GL regardless.

RGA recommendation option 2: Amend subsection 86AA(3)(b) of the Water Act 200 to read:

(b) increasing the volume of the Basin water resources that is available for environmental use by up to 450 ggalitres.

Thank you again for the opportunity to submit to this inquiry. If you require clarification about any of the matters raised in this submission, please contact the RGA’s Policy Manager, Rachel Kelly.