



SUBMISSION TO THE INQUIRY INTO THE *WATER AMENDMENT (PURCHASE LIMIT REPEAL) BILL 2019*

Senate Standing Committees on Environment and Communications

February 2019

1. THE RICEGROWERS' ASSOCIATION OF AUSTRALIA

The Ricegrowers' Association of Australia (RGA) is the collective voice of Australian rice growers representing the interests of around 1200 voluntary members. The RGA's key objective is to provide members with strong and effective representation on issues affecting the viability of their businesses, communities and industry.

The RGA is made up of eight branches located across the Riverina rice growing regions of NSW and Victoria. 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, and supports the submissions and positions provided by these organisations.

2. THE AUSTRALIAN RICE INDUSTRY

The Australian rice industry is located predominantly within the Riverina region of NSW, with two small industries also situated in the Northern Rivers region of NSW and in Northern Queensland.

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



The rice industry is also an important 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. 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.

While the NSW rice industry is very small by world standards, it remains a competitive supplier of premium rice products into world markets.

3. THE RGA'S RESPONSE

The RGA thanks the Senate Standing Committees on Environment and Communications for the opportunity to provide a submission to the inquiry regarding the *Water Amendment (Purchase Limit Repeal) Bill 2019*.

The RGA does not support the proposed amendment to the *Water Act 2007* (**the Act**) which seeks to repeal the statutory limit of 1,500 gigalitres on Commonwealth surface water purchases (**the Cap**) across the Murray-Darling Basin.

This RGA reasons for not supporting this proposed amendment are as follows:

Purpose of the Cap

The Explanatory Memorandum for the *Water Amendment Bill 2015* explains that the purpose of the Cap is to:

1. enshrine the Commonwealth's commitment to "prioritising environmental water recovery through infrastructure investment over water buybacks", as set out in the Commonwealths *Water Recovery Strategy for the Murray Darling Basin* (Water Recovery Strategy);
2. to "provide increased assurance to rural and irrigation communities regarding the implementation of the Basin Plan and the commitment to minimise the potential socio-economic impacts of Commonwealth environmental water purchases."
3. "to provide certainty to communities and businesses throughout the Basin, while continuing to deliver on the environmental outcomes outlined in the Basin Plan".

The RGA considers that these three purposes are of equal if not more importance today then they were in 2015, not least due to the fact that we are in the midst of the implementation phase of the Basin Plan.

Water Recovery Strategy

For some time now there has been bipartisan support for prioritising environmental water recovery through infrastructure investment over water buybacks. The key reason for this position is that the evidence has consistently demonstrated that water recovery through infrastructure significantly reduces negative socioeconomic impacts for communities, when compared with buy-backs.

At the recent Murray Darling Basin Ministerial Council meeting in December, the Basin Water Ministers furthered strengthened their commitment to this decision by agreeing to an improved social and economic impact test for the Efficiency Measures required to recover the additional 450 gigalitres of water for the environment.

By removing the Cap, the government would be stepping away from its bipartisan position and commitment to prioritising infrastructure investment over water buybacks for the purpose of water recovery.

To date 1230 gigalitres of water has been acquired through buy-backs, meaning the federal government currently has the ability to buy-back an additional 270 gigalitres before the cap limit is reached.

At 30 November 2018 the Department of Agriculture and Water Resources had recovered 2118 gigalitres of the Basin Plan's water recovery target of 2750 gigalitres. In addition, a further 605 gigalitres is likely to be offset by the Basin Plan's Supply Measure projects. This means that, subject to the successful completion of the Supply Measure Projects, the gap remaining at November last year was just 27 gigalitres and is likely to have since reduced.

Furthermore, the reconciliation of the off-sets achieved by the Supply Measure projects will not be completed until 2024. Until this reconciliation is undertaken, the government cannot determine whether or not there is a need for any additional water recovery to meet any shortfall in the offset achieved by the Supply Measure projects.

For these reasons, we believe that this attempt to remove the cap on buy-backs is premature and currently unnecessary.

We also note that, for the additional water recovery of 450 gigalitres, there is a legislative requirement that this water be sourced via means of Efficiency Measures. Therefore the Cap has no application to this parcel of water recovery.

Socioeconomic Impacts

One of the key purposes for the introduction of the Cap was to reduce the negative social and economic impacts faced by Basin irrigation communities as a consequence of water recovery.

The swift and significant removal of productive water from irrigation areas of southern NSW has placed significant social and economic pressure on farm businesses and communities. It has contributed to higher annual water prices, reducing the capacity of growers to produce rice and our local communities to enjoy the flow on benefits of that lost production.

These impacts were highlighted in the Murray Darling Basin Authorities 2017 Basin Plan Evaluation, which included 40 Southern Basin community profiles. These profiles demonstrated the ongoing impacts of water recovery. In particular, the SEIFA score for communities such as Berrigan, Finley and Wakool highlighted that the resilience and wellbeing of these communities has been significantly reduced and is now dangerously low as a consequence of Basin Plan water recovery.

Consequently these communities need time to adjust to the past impacts of water reform, and to build up sufficient resilience to be in a position to withstand further economic shocks.

Policy Stability

The RGA considers that policy stability is essential with regards to the ongoing water reform agenda. This is particularly true with respect to the Murray Darling Basin Plan, noting that we are currently in the implementation phase of the Plan. Water recovery is a key component of the Basin Plan. Changing the parameters for water recovers at this stage will only lead to additional significant uncertainty across the irrigation regions of the Murray Darling Basin.

Policy certainty, and a commitment that government will not amend water reform legislation at whim, is essential to allowing these individuals, communities and industries to make the (often significant) business investments required to adjust to the impacts of current and previous government water reform agendas.

Furthermore, any major change to the Plan should only be undertaken with bipartisan support, otherwise we risk fluctuating policy approaches to managing the Basin's resources that would serve nobody's interests.

4. Conclusion

In conclusion, the RGA strongly recommends that this *Water Amendment (Purchase Limit Repeal) Bill 2019* be rejected by the Parliament, and that the Government instead turn its focus to ensuring that the ongoing implementation of the Basin Plan seeks to maximise environmental outcomes, while at the same time minimising negative social and economic impacts for irrigators and their industries and communities.

To this end, the RGA notes that the Productivity Commission's recently released Final Report for the 'Murray-Darling Basin Plan: Five-year assessment', which provides a number of worthwhile recommendations on how to improve both the Basin Plan implementation, and consequently the outcomes achieved by the Plan. Government should now turn its attention to finding pathways to implement these recommendations as quickly and conveniently as possible.

5. CONTACTS

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