



## MACQUARIE RIVER FOOD & FIBRE

PO Box 1170, Dubbo NSW 2830  
Phone: (02) 6884 9577 Fax: (02) 6882 8838  
Executive officer: Michelle Ward – 0438 801 020

25 September 2002

### **Submission from Macquarie River Food and Fibre to Inquiry into Future Water Supplies for Australia's Rural Industries and Communities**

We welcome the opportunity to contribute to this inquiry and commend the foresight of the House of Representatives in recognising the value and importance of an adequate water supply for rural and regional Australia in undertaking the inquiry. We also appreciate the extension for making submissions and register our interest in being involved in the inquiry process; public hearings etc.

Macquarie River Food and Fibre is an organization which represents the 600 plus irrigators in the Macquarie Valley in western NSW. We focus on being proactive in how we approach issues that affect the sustainability of irrigation and the resource base which we rely on, being our land and water.

This submission documents the following:

- Our registration of strong interest and request to be invited to have an ongoing and direct involvement with the inquiry;
- Concerns about inquiry outcomes – given the lack of translation through to legislation & planning in regional NSW in relation to issues raised in the 2001 inquiry into the Private Costs to Landholders of Public Good Conservation.
- The Importance of Property Rights & a Vision for Irrigated Agriculture
- Our views on a National Framework for NRM & the role of the Commonwealth
- Views on Managing the resources we have - better

#### **Cost of Public Good Conservation Inquiry**

We refer to a related inquiry in 2001, which Ian Causley chaired – into the Private Costs to Landholders of Public Good Conservation. The timing of this inquiry was critical given the NSW & QLD water and vegetation reform processes and should have revealed some clear messages about the equity and asset security issues that must be resolved for us to move forward in natural resource management. We had great optimism, given the subject of this inquiry – and wrote a submission on the issues.

We ask what has changed as a result of the Cost of Public Good Inquiry? Was it structured to deliver outcomes, which would lead to decisions, or was it always destined to a back-room bookshelf future due to a lack of Federal 'teeth' or will in the Federal – State Natural Resource Management decision-making framework? There has not even been the slightest shift in the NSW Government's approach to private landholders bearing the cost of public good conservation.

The results of this inquiry should have resolved the key underlying issues which now carry on as key issues to resolve in the current inquiry, into future water supplies for Australia's rural industries and communities.

The broader issues about Natural Resource Management frameworks and the role and responsibilities of the Federal Government must be fully confronted and resolved at the outset or as an important part of the current inquiry or we are all wasting our time and money. This inquiry must also provide answers on specific issues of principle underlying Natural Resource Management such as a National stance on rights and responsibilities of individuals with access to natural resources and mechanisms for public good conservation (this point is applicable to our comments on the Role of the Commonwealth in NRM). We have provided our position on these issues under specific headings within this submission.

## **Property Rights**

You can consider the question of property rights – or perhaps more appropriately – “entitlements to access” from several different perspectives. For us it is very simple, no matter which angle you examine the issue from.

- In terms of the needs & rights of individuals to access natural resources for extractive use equity,
- In terms of the principles of beneficiary pays for public good conservation, environmental flows clearly have diffuse, public benefit characteristics and assuming that any water allocated to environmental flows in the future comes from irrigator entitlements, the only way to achieve equity and share the cost of provision of this public good across the community is for the public to pay the irrigator for the water;
- In terms of establishing a tradeable market for water (which is a requirement of COAG), the ‘environment’ (government) needs to buy its water requirements in order for that market to function without failure.

We are absolutely positive, that if the issue of property rights both with respect to water and vegetation can be resolved, many other issues will disappear or be addressed in a much more equitable manner. Property rights, apart from being akin to the ‘general vibe of the Australian constitution’ (to quote from The Castle), are the means by which States are made accountable and environmental flow management becomes more rigorous. If there is one sole issue this inquiry can turn some light on, in terms of the Federal Government’s role, it is property rights. We realise the States have concerns about the cost of establishing property rights, but if over-allocations are removed first – there should be no cost to property rights. This is not denying the need to provide assistance to those adversely impacted during the process of rectifying over-allocations. However any future cost related to revoking property rights could be prepared for via environmental trusts, with investment shared between industry Federal and State such as the Namoi Taskforce recommendations and suddenly the numbers shouldn’t look so daunting. Also an environmental levy could help fund such as scheme of purchasing water for environmental flows if needed in the future.

## **A Vision for Irrigated Agriculture**

It is promising that this inquiry refers to the significance of agricultural production and the jobs and communities it supports. The State Government approach to water reform, clearly sets the priorities, with the environment’s needs at the top of the hierarchy. This seems to defy the principles of CoAG, of a balance between social, economic and environmental objectives. This also shows the NSW

attitude that it is sufficient to make rules to protect and provide for environmental needs, no matter what the impact might be on agriculture and rural communities.

The irrigation industry is starting to work as one in forming a vision for irrigated agriculture and our rural communities. We will seek to involve Federal & State Government's as well as other stakeholder groups in the process and we hope the Federal Government, through inquiries such as this, is able to be receptive to implementing the changes needed to deliver a vision for our communities and industries as well as the environment.

### **A National framework for Managing Water Resources**

So what role for Commonwealth in ensuring an adequate and sustainable supply of water in rural and regional Australia? We would suggest a stronger role:

- Strengthening existing opportunities for influence available via National Competition Policy (this may mean increasing the powers of the National Competition Council, taking the lead on providing clarification of the CoAG agreement on issues such as property rights, amending Federal legislation etc). See more detail on our concerns with NCP implementation below.
- Strengthening existing opportunities through the National Action Plan if and where possible
- Amending the EPBC Act to recognise property rights at a Federal level
- Working through & possibly strengthening the MDBC process to recognise property rights at a Basin level. The proposed Murray Environmental Flows are the next tidal wave to hit the irrigation community just as we are starting to draw to the end of the painstaking Water Sharing Plan process. It is within the Federal Government's powers surely to influence under what terms water could be taken from irrigators for a Basin wide environmental package. The Community Engagement Strategy has been altered significantly due to NSW intervention (with consultation now only occurring in the Murray as far as we understand). This leaves us little hope of what else the States will intervene with when it comes to determining what are the trade-offs, who bears the impacts, are there efficiencies to be made before taking water from irrigators etc

### ***National Competition Policy & Payments***

There are obviously flaws in the process of the National Competition Payments system in relation to CoAG reform commitments. We often hear our Federal Ministers telling us and the media, that NSW needs to implement a stronger system of property rights, yet we have spent huge amounts of time and resources taking delegations to Federal Ministers – Truss, Costello, Anderson, Hockey etc begging them to use their powers under National Competition Policy to withhold tranche payments and it just doesn't happen.

National Competition Council have also been sympathetic to the massive efforts we have made to inform them of better alternatives to what NSW Government is putting forward through legislation. Yet they ultimately struggle to penalise the States, as they ask the States to provide their own check list and often it seems the States assess their own performance. Inevitably if the States can demonstrate some progress towards the outcomes, this is sufficient for NCC to recommend payment.

We would suggest this is one area that really requires some focus from this inquiry. There must be more 'teeth' for the Commonwealth in the water reform agenda and competition payment process. I can't imagine the Federal Government enjoys knowing the States are getting 'off the hook' yet this

scenario seems to repeat itself every time the Federal Government has an opportunity to have an influential role.

The signing of the National Action Plan for Salinity, without tying the States to a strong definition of property rights in accessing Federal funding is another obvious example of the Federal Government not taking up existing opportunities to provide leadership and influence outcomes for NRM.

We have briefing papers on these issues and would be happy to submit our concerns and suggestions during the inquiry process if requested.

### **Managing the Resources we Have**

The Commonwealth, through the MDBC, NAP and possible new mechanisms should be able to look at Basin water delivery systems and recommend standards, improvements, new initiatives to make better use of the water available to us. The following headings outline some of our ideas:

#### ***System Efficiencies***

Our experience relates specifically to the Murray Darling Basin. There is no doubt that there are substantial efficiency gains to be made through changes to management of water through the Murray Darling system. Why is it not politically popular to focus some federal investment in these areas? Why not ask a Water delivery manager and an expert on identification and management of ecological assets to review how the Murray Darling is operated. Unofficial estimates from discussions with State Water on water to be saved from running the system smarter would more than cover the largest Murray Environmental Flow requirements. Isn't this allowing for a 'win-win' – preserving that water used for agricultural production purposes, while finding the water required for environmental flows.

#### ***Flexible NRM*** – managing resources within tolerance thresholds.

Resource managers and NRM frameworks need to be based on an understanding of 'tolerance thresholds' of our ecological assets, as well as extractive and essential uses. For instance we may know that the Macquarie Marshes used to parch about 3 in 20 years. So if there has been a flood in recent history and we are approaching a drought period, maybe the extractive users have a lower tolerance threshold than our ecological assets in this case in periods of drought. We need this level of flexibility and 'active' and informed management to avoid making irreparable and costly trade-offs. We accept that the States have legislative control over the approach to environmental flow management, but the Commonwealth could strive to provide direction and policy on these issues to ensure consistency across states at the very least and hopefully to influence state legislation. After all the Commonwealth is an important partner in the CoAG Agreements on 1994.

#### ***Consideration of Alternative Means of Increasing Existing Water Supplies***

- Diverting Rivers that run out to sea. This is not an area we have knowledge of, but should be at least considered by the Inquiry, provided there are not environmental impacts of such as proposal.
- Cloud seeding. MRFF was present at a recent Cloud Seeding forum, where the Tasmanian Hydro Electricity could seeding staff spoke about the opportunities that

they know to exist from trial conducted in northern NSW. There seem to be logical reasons why clouds with moisture do not turn to rain and these reasons are able to be addressed through existing technology that has been in practice for decades. This indicates to us the validity of further trial work within areas of the Murray Darling Basin of cloud seeding technology and its potential application in the MDB. The impetus for these trials should come from the MDBC through directives from the Commonwealth.

- Holistic Approach to Resource management – ie: large scale tree plantings will impact water supply, better management of grazing pastures will improve water quality.

Thankyou again for the opportunity to contribute to this inquiry and we look forward to being involved in the process of public hearings and further analysis of public good conservation.

Yours sincerely,  
**Macquarie River Food and Fibre**



Michelle Ward  
Executive Officer

Ph) 0268 849 577  
Fax) 0268 828 838

