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NSW Election Policy Platform

Election – March 2019



To assist candidates, political parties and decision makers to develop their policy to take to the 2019 NSW State Election, the NSW Irrigators' Council has prepared the following list of priority areas our members would like to see incorporated into the policy portfolio for any incoming government and parliamentary parties.

These policy positions are founded on six general principles which are fundamental for a NSW Government and parliamentary political parties to include in any policy:

- Protection of **water property rights** (licenced and paid for) is non-negotiable.
- All current and future policy and reforms must be **evidence-based** and undergo a rigorous **socio-economic outcomes test**.
- Decision-making must ensure no negative third-party impacts. Consideration must be given to the **cumulative impacts** of successive water reform actions, acknowledging the flow on effects from irrigated agriculture to communities and the wider economy. Those impacts must be stated in a **Rural Communities Impact Statement**.
- Water licence holders are free to utilise their water for any purpose, if compliant with their licence conditions, and any other legislative requirements.
- **Public consultation must be extensive**, early, and reasonable to allow participatory decision-making. To be effective, public consultation should be initiated early and continue throughout the reform process to enable deeper engagement and participatory decision making.
- All water (agricultural, industrial, cultural and environmental) should be used **efficiently, effectively and fairly**.

ISSUES AND RECOMMENDATIONS

GENERAL

Political Approach to Irrigation Farming

Recommendation 1

That political parties and/or candidates commit to supporting the agricultural sector, particularly the irrigation farming sector, to ensure regional communities and the national economy prosper into the future.

Recommendation 2

Water licence holders are free to utilise their water for any purpose, if compliant with their licence conditions, and any other legislative requirements.

Policy Consistency

- Greater policy consistency will provide irrigation farmers with greater certainty, which will foster market confidence (including financial lending) and improve productive capacity of water users.
- Political parties and/or candidates must acknowledge the impacts a history of reform and policy changes has had on water availability, reliability and access, which has affected market confidence, productivity and growth in the sector.

Recommendation 3

Political parties and/or candidates commit to providing greater consistency into the future.

Recommendation 4

To support policy consistency, apply a socio-economic outcomes test to all future policies and water reform initiatives and include a mandatory requirement to publish a Rural Communities Impact Statement prior to the period of public consultation.

MURRAY DARLING BASIN PLAN

Murray Darling Basin Plan

- NSWIC does not support any additional water recovery from consumptive agricultural use under any part of the Murray-Darling Basin Plan.
- The social and economic outcomes criteria adopted by the Basin Ministerial Council for the 450GL efficiency measures programs must be applied in full to consider cumulative and community impacts including impacts on the water market and water delivery costs.
- A yearly review in NSW of the Murray Darling Basin Plan and Ministerial Statement in Parliament is required to assess the social and economic impacts that have resulted from the Plan and water reforms, and to inform future Government decision making. This would ensure the plan is adaptive to incorporate new knowledge and ensure there are no negative third-party impacts.

- The NSW Government must ensure that NSW gets the most positive outcome possible from water reform, which means the NSW Government must be a strong advocate for the NSW share of water resources.

Recommendation 5

That political parties and/or candidates commit to no additional water recovery from consumptive agricultural users when implementing the remainder of the Basin Plan.

Recommendation 6

That political parties and/or candidates commit to ensuring that NSW receives positive social, economic and environmental outcomes in implementing the Basin Plan. That political parties and/or candidates commit to assigning relevant Departments with research programs to evaluate the costs and benefits to NSW of the Murray-Darling Basin Plan, to position NSW strategically to be able to negotiate future water reform with a robust evidence-base.

Recommendation 7

The NSW Government must maintain the right to review and adapt within existing WSPs and SDLs and maintain flexibility in the sovereign right to water management. The NSW Government must build into negotiations the ability to review rules and undertake change within SDLs.



SDL Adjustment Mechanism

- NSWIC strongly supports the full realisation of the 605GL delivered from SDL Adjustment Mechanism projects (acknowledging this requires the future recovery of 62GL through efficiency measures), and it is essential that this continues to be supported by Government.
 - There must be a robust evaluation of the effectiveness of water currently held by the Commonwealth Environmental Water Holder and other environmental water managers.
 - Any future water recovery must come from off-farm or other opportunities, including irrigation network and river management savings. NSWIC calls for the NSW Government to investigate complimentary measures to meet the objectives of the efficiency measures.
- Measures to meet the SDL Adjustment Mechanism must be delivered under the principles of adaptive management, be evidence-based and consider the distributive or cumulative impacts of further water recovery and associated rule changes and environmental infrastructure. Projects must have the capacity to be amended or adjusted to ensure they meet the expected objectives in a way that ensures no negative, or mitigated, third-party impacts.
- To minimise and accurately capture the social and economic consequences of water recovery, tests for social and economic impact must be at a community or regional level, as tests at an individual level do not consider community scale impacts.

Recommendation 8

That political parties and/or candidates commit to identifying opportunities to meet water recovery targets without further recovery of water from the irrigation farming sector, given rural communities are already struggling with the social and economic impacts of previous water recovery heightened by the current drought.

Metering

- NSWIC has always supported a cost-effective, fit-for-purpose and compliant metering regime to ensure water use is measured and monitored across the State.
- Metering has had heightened public attention given recent compliance concerns.
- The ownership of meters has been a longstanding issue for irrigation farmers in NSW. NSWIC holds the position that – to the extent that meters are compliant, accurate, fair, cost-effective and reliable – decisions of the ownership of meters should be at the discretion of individual water users. This approach enables a valley-by-valley, and user-by-user approach with optimal freedom of choice.
- NSWIC encourages government to establish a compliance regime that facilitates the development of a competitive market of metering options and choice for licence holders in meeting their compliance requirements.



Recommendation 9

That political parties and/or candidates commit to investing in measures to ensure metering is reliable, accurate, cost-effective and allows the greatest freedom of choice to irrigation farmers to manage in accordance with market principles.

Recommendation 10

Spread out metering validation over the 5-year period to ensure that the metering industry is sustainable and on-going.

Recommendation 11

That political parties and/or candidates commit to developing a process to facilitate and encourage the adoption of technologically advanced metering systems that would assist in rebuilding the trust of the community in compliance by both irrigation farmers and Government.

Menindee Lakes Project and efficiency infrastructure

- NSWIC encourages State (and Commonwealth) governments to invest in measures at Menindee Lakes to minimise evaporation (reducing risk to fauna and other priorities) and achieve offsets under the SDL Adjustment Mechanism through a combination of physical works as well as changes to operating rules through consultation with stakeholders.

- Any SDL credits/savings achieved from efficiency works should be shared in a way that ensures no negative third-party impacts. Benefits must be shared in NSW proportionally, and negative impacts should be either eliminated or mitigated and offset. Any SDL assessment at Menindee must be assessed across the whole NSW Basin.



Recommendation 12

That political parties and/or candidates commit to investing in the Menindee Lakes water savings project and distribute credits proportionally, and negative impacts should be either eliminated or mitigated and offset. Any changes to infrastructure and river operating rules must be developed in consultation with industry and stakeholders.

Effectiveness of Environmental Water

- The NSW Government must commit to funding the monitoring and evaluation for the use and deployment of held and Planned Environmental Water (PEW) by establishing a clear process for review. Reviews are essential to ensure all water (agricultural, industrial, cultural and environmental) is used effectively. PEW rules were developed a considerable amount of time ago, yet monitoring and evaluation has not taken place, and PEW was not reviewed in Water Sharing Plans (WSPs). Future reviews must use relevant and current information and be conducted by the NSW Government independently from the MDBA, through a principle-based approach.
- Water accounting, trade and management by NSW State departments and/or agencies needs to be transparent and clearly communicated.



Recommendation 13

The NSW water register is updated to provide a breakdown of productive and environmental water allocation and usage (in addition to entitlements already provided) and any trade between the two categories. Any trade conducted by the State Environmental Water Holder must be reported at a valley level with average prices in annual reports.

Recommendation 14

A review of Planned Environmental Water is needed to ensure the rules are still fit for purpose in the new context of held and planned environmental water.

Recommendation 15

That irrigation farmers receive acknowledgement for the environmental benefits their water provides in transmission through the system, and that the costs of environmental water be borne from consolidated revenue.

Recommendation 16

Continually look for ways to improve environmental water use efficiency, and ways to work with irrigation infrastructure to achieve most efficient outcomes.

Recommendation 17

Funding for the monitoring and evaluation of environmental water is required, and a clear review process must be established going forward.

Salinity Targets

- Consistent with the Basin Salinity Management Strategy NSWIC supports maintaining Morgan as the official assessment point for Murray River salinity acknowledging the historic target at 800EC or below. It must be recognised that if this target is maintained, there is nothing NSW or Victoria can do to influence salinity levels between Morgan and the Lower Lakes, Coorong and Murray Mouth.

WATER OPERATIONS

Water Operations and Constraints Management

- NSWIC encourages the NSW Government to develop, in conjunction with local communities, environmental flow options and river operational rules under the Constraints Management Strategy and the Prerequisite Policy Measures (PPMs) to ensure no adverse impacts on the reliability of irrigation supplies and on private property with a focus on infrastructure investments to achieve environmental outcomes.
- Constraints management will have impacts on floodplain properties (private property and community assets), and thus the NSW Government must ensure negative impacts are either eliminated, mitigated and off set, or compensated. Impacted landholders, infrastructure operators and local Government must be fully consulted in the process.
- To ensure protection of water property rights, caution is urged against defining share of channel capacity in the Murray to anything other than 50% of NSW access in peak demand.
- Commit to the maintenance of the Border Rivers Commission (a joint NSW and Queensland Commission for joint infrastructure).



Recommendation 18

That political parties and/or candidates commit to immediately consulting with impacted landholders and communities to identify a way forward under the Constraints Management Strategy.

Recommendation 19

That political parties and/or candidates commit to measures which promote security of supply to the irrigation farming sector through infrastructure investments and intergovernmental agreements. Negative impacts should be either eliminated or mitigated and off set.

Recommendation 20

Commit to the maintenance of the Border Rivers Commission (a NSW and Queensland Commission for joint infrastructure).

Water Charges

- Rural water charges remain complex and lacks transparency in cost drivers. NSWIC requests that water charges must be fair, equitable, efficient and reflect only true costs.
- There is no transparency in Murray-Darling Basin Authority costs that are passed through to irrigation farmers.

Recommendation 21

That political parties and/or candidates commit to increased transparency in price determinations and ensuring water charges are fair, equitable, efficient and reflect only true costs.

Recommendation 22

That political parties and/or candidates call for a transparent and robust price determination process for the setting of MDBA and BRC shared costs.

Recommendation 23

That Murray-Darling Basin Authority costs be subject to a similar determination process consistent with the water charge infrastructure rules.

Energy Pricing

- NSWIC strongly supports measures to reduce energy prices, as recent high energy prices have resulted in an underutilisation of water saving irrigation farming equipment and prevented optimised application of water to crops.
- NSWIC supports simpler and more transparent rules and regulations governing the setting of electricity tariffs and charges in NSW. NSWIC supports policy initiatives to establish efficient and cost-effective tariff rates and charges that reflect usage pattern, allow irrigation farmers to use their on-farm infrastructure equipment optimally and give irrigation farmers an incentive to expand their water use efficiency efforts where possible.
- NSWIC strongly urges expanding the range of available options that would allow irrigation farmers to decrease their energy costs. Policy options which NSWIC support involve changes to the regulatory system for network price setting; exploring options for irrigators via on-farm energy audits and tariff reviews; and seeking new food and fibre tariffs specifically tailored to irrigated agricultural producers.
- The NSW Government should provide incentives for options to foster distributed energy solutions as well as off-grid (thereby reducing energy demand) and invest in research and development in alternative energy sources.



Recommendation 24

Commit to reduce energy costs to irrigation farmers through measures such as agricultural tariffs or incentives (such as distributed energy solutions or going off-grid), and investments in research and development for energy alternatives.



Sale of Snowy Hydro

- NSWIC supports the use of the \$4.6 billion income from the sale of Snowy Hydro for regional infrastructure projects that will help secure the future of regional economies.
 - NSWIC would like to see funds committed to vital water security measures including building new water infrastructure, increasing the number of dams and dam capacity where feasible, and/or downstream re-regulation ability to manage constraints and improve efficiency.
 - NSW must maintain oversight and management of the licence for Snowy Hydro operations and protect the Required Annual Release volumes to ensure ongoing stability for communities along the Murrumbidgee and Murray Rivers.

Recommendation 25

That political parties and/or candidates commit funding towards new cost-effective water infrastructure measures or increase the number of dams and dam capacity to ensure greater water security.

Recommendation 26

That political parties and/or candidates commit to continued NSW Government management of the licence for Snowy Hydro operations.

Floodplain Harvesting / Overland Flows

- NSW is undertaking a process to licence Floodplain Harvesting as part of developing a state-wide approach to managing extraction of overland flows. This will ensure all legitimate diversions (from historically approved infrastructure) is licenced. The approach was outlined in the 2004 Water Sharing Plans and due to government delays is being implemented in the current Water Resource Plans in northern valleys. It must be recognised this is not an increase in existing access - this process results in historical users' shares being diluted to include development levels to 2008.
- NSWIC has concerns about the current Floodplain Harvesting policy, regarding the interpretation and consistency with relevant legislation.
- There is potential for substantial equity issues to exist between floodplain and non-floodplain water users with regards to rainfall runoff if the current policy interpretation is continued. More generally, there would need to be a fit for purpose approach recognising the differences between coastal and inland activities if rolled out state-wide.
- The terminology "floodplain harvesting" should reflect the intent of the National Water Initiative and CAP limits relating to extraction of overland flows from floodplain harvesting works consistent with the approach in Queensland. NSWIC prefers the terminology "overland flows".

- Flood protection works and artificial runoff created by irrigation development are not required to be licenced as per the historical CAP reports and as per current NSW legislation rainfall on these areas is required to be captured to prevent contamination. Used water from the flood protected area is not floodplain harvesting.

Recommendation 27

That political parties and/or candidates commit to ensuring the licencing of floodplain harvesting works based on legitimising historical rights transferred from 1912 work approvals based on long term government standings.

Recommendation 28

That the state-based exemption for rainfall runoff from flood protected areas continues and is formalised under the Water Management Act. That rainfall runoff take continues to be accounted as required in the state-based water sharing plan models.



Recommendation 29

Political parties and/or candidates commit to ensuring any floodplain harvesting policy has the foremost consideration to enforceability and compliance to ensure the reputation of irrigation farmers and government departments is not jeopardised.

Recommendation 30

That consideration is given to develop a floodplain harvesting policy for NSW coastal valleys. Additionally, a Farm Dam Policy is required with consideration to high-rainfall areas and high-flow conversions. The Harvestable Rights Policy requires releasing.

Embargoes

- The current drought has resulted in parts of NSW being embargoed. This has had serious impacts on irrigation farming communities.
- The current management of embargos has significant issues of fairness and equity, which fosters tension between users. Whilst NSWIC accepts that embargoes may be necessary in certain conditions, the management of embargoes is currently unacceptable.
- NSWIC recommends a ‘catch-up mechanism’ because any forgone supplementary or unregulated water will be a known quantity. This denied access can be caught up at the next available opportunity after all the parameters have been met for the distribution of a supplementary flow.
- It is unfair for small upstream communities to be bearing the burden for town water supplies that should be covered out of general revenue or the whole state.

Recommendation 31

That political parties and/or candidates commit to investigating a ‘catch-up mechanism’ which gives consideration to the history of reduced allocations and embargoes when determining water allocations, to prioritise water users most affected by limited water availability.

WATER SECURITY

Drought Policy

- NSWIC is concerned that the current drought has had devastating impacts on the agricultural sector and rural communities in NSW, resulting in heightened sensitivity to policy change.
- NSWIC supports the drought assistance packages by the NSW Government, but recognises that long-term policy measures are needed for the viability of the agricultural sector.



Recommendation 32

That political parties and/or candidates commit to continue supporting drought affected farmers.

Recommendation 33

Current drought measures such as the waiving of water charges be incorporated into extreme event response protocols into the future to recognise the hardships caused by reduced allocations.

Recommendation 34

That water users are included on Critical Water Advisory Panels. All panels must maintain a level of clear and proper process including full transparency of all minutes, decisions and discussions.

Research and Development specific to irrigation

- Efficient irrigation farming ensures available water resources are best utilised.
- Currently, technology for irrigation farming efficiency is either underdeveloped, or requires further research and development to be cost-effective and available for irrigation farmers to use.
- Current research and development opportunities tend to be crop-specific, creating a research funding gap for irrigation farm technology more broadly. An irrigation farming specific research and development corporation is now necessary to ensure irrigation farming in NSW can continue to be world's best-practice and prosper with mounting concerns of water insecurity.

Recommendation 35

That political parties and/or candidates commit to funding research and development into irrigation farm efficiency through a measure akin to an Irrigation Research and Development Corporation, specifically focused on irrigation farming efficiency technology to allow water and energy savings.

OTHER

Public perception of the irrigation farming sector

- The recent media attention on water theft has caused severe reputational damage to the irrigation farming sector. Not only is it unfair and unjust to the 12,000 irrigation farmers in

NSW who were not involved with water theft, but it also has potential financial, community and health impacts for irrigation farmers and the sector.

- The irrigation sector's reputation has been compromised by the actions of few and a failure of government compliance regimes due, in part, to multiple departmental restructures and transfer or loss of staff and corporate knowledge.
- Ensuring that the public is aware of the importance of irrigation farmers for communities, rural economies and food and fibre supply will require partnerships between the industry, governments and private sector to close rural-urban divides and ensure fact-based and balanced information is available.

Recommendation 36

That political parties and/or candidates commit to funding communications / public relations programs that better connect consumers with producers, particularly irrigation farmers. Programs may include working with major grocery outlets to provide educational programs, or media campaigns.

Greater capacity for Aboriginal policy and advocacy, particularly relating to cultural water

- NSWIC fully supports the opportunities for Aboriginal people through the management and use of Cultural Water in NSW.
- NSWIC acknowledges that through Aboriginal peoples' access to Cultural Water, there are opportunities for real environmental benefits for rivers and the great capacity for Aboriginal people to enjoy the benefits of a range of positive social, cultural, economic and cultural outcomes.
- NSWIC supports environmental water being used for cultural purposes, and cultural water being purchased from the market like any other entitlement holder.
- NSWIC is seeking to closely cooperate with NBAN and MLDRIN in the effective delivery of outcomes for productive, cultural and environmental water.



Recommendation 37

That political parties and/or candidates commit to provide policy or funding support to enable partnership ventures between the sectors.

Mining / Coal Seam Gas

- Aquifer interference from mining activity remains a threat to water users.
- NSWIC requests that preservation of sustainable resources for agriculture is an utmost consideration when granting mining exploration or operational licence applications.
- NSWIC recognises that mining generates additional economic activity in regional communities, but mining activities should not interfere with water resource reliability, quality, availability and use. There must be no circumstances under which the watercourse or aquifer is damaged or altered either permanently or temporarily.
- To ensure safe food supply and to prevent environmental damage, NSWIC will not accept averaging of water quality testing, but requires that all returned water from mining activity

meets utmost standards.

- The framework in the Water Management Act should be applied consistently across all industries and water users (mining and agricultural).
- NSWIC does not support any CSG project which has detrimental impacts on water sources or agricultural land.

Recommendation 38

That political parties and/or candidates commit to ensuring mining operations do not impact on water resource reliability, quality, availability or use, and that there is an independent and verifiable means to assess the water effects.