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## SUBMISSION

# Greater Hunter Regional Water Strategy

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## Introduction

The NSW Irrigators' Council (NSWIC) is the peak body representing irrigation farmers and the irrigation farming industry in NSW. Our Members include valley water user associations, food and fibre groups, irrigation corporations and commodity groups from the rice, cotton, dairy and horticultural industries. Through our members, NSWIC represents over 12,000 water access licence holders in NSW who access regulated, unregulated and groundwater systems.

NSWIC engages in advocacy and policy development on behalf of the irrigation farming sector. As an apolitical entity, the Council provides advice to all stakeholders and decision makers.

Irrigation farmers are stewards of tremendous local, operational and practical knowledge in water management. With over 12,000 irrigation farmers in NSW, there is a wealth of knowledge available. To best utilise this knowledge requires participatory decision making and extensive consultation to ensure this knowledge can be incorporated into best-practice, evidence-based policy. NSWIC and our Members are a valuable way for Governments and agencies to access this knowledge.

NSWIC welcomes this public exhibition as an opportunity to share local, practical and operational knowledge and expertise in water management. NSWIC offers the expertise from our network of irrigation farmers and organisations on an ongoing basis to ensure water management is practical, community-minded and follows participatory process.

This submission represents the views of the Members of NSWIC with respect to the *Greater Hunter Regional Water Strategy* (the Strategy). Each member reserves the right to independent policy on issues that directly relate to their areas of operation, expertise or any other issues that they deem relevant.

## Overview

NSWIC welcomes long-term strategic planning to ensure water security over the next 20 - 30 years. NSWIC notes that "*Drought security was confirmed as the primary economic risk facing the Greater Hunter region*"<sup>1</sup>. NSWIC also notes that "*'business as usual' was the single most economically, socially and environmentally undesirable scenario*".<sup>2</sup> This demonstrates a need for new measures to improve drought security in the region, and NSWIC welcomes the development of this Strategy to meet that objective.

NSWIC welcomes the aim of the Strategy to "*to maintain the rights of all existing water entitlement holders whilst improving the overall reliability of water*"<sup>3</sup>. NSWIC emphasises the importance of protecting the rights of water entitlements holders during planning to improve water security.

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<sup>1</sup> NSW Government, Department of Industry – Water, "Greater Hunter Regional Water Strategy" (October 2018) [p73].

<sup>2</sup> Ibid.

<sup>3</sup> NSW Government, Department of Industry – Water, "Greater Hunter Regional Water Strategy – Fact Sheet" (October 2018) [p2].



## Submission

### ***Clarification of how this Strategy fits within existing management arrangements is required***

NSWIC understands that the Greater Hunter Regional Water Strategy is the first of a series of Regional Water Strategies to be delivered in valleys across NSW. NSWIC understands that the regional strategies will examine policy and infrastructure-based options to manage risks to the region's water supplies and enhance water security.

NSWIC requires clarification for how Regional Water Strategies will fit within existing management plans. Whilst water users would in-principle support strategies to improve water security which do not impede on their rights or access, water users require certainty of management plans and policy stability to focus on ensuring their business is resilient and structured to withstand the next drought within the rules. Constantly changing water resource management rules leads to reform fatigue and confusion. That said, where reforms are necessary for positive changes, the key issue is the importance of clear communications, and a planned and transparent transition period.

NSWIC anticipates that the Greater Hunter Regional Water Strategy will be a template to set the precedence for other valleys. Whilst the Greater Hunter is outside of the Murray-Darling Basin, NSWIC has uncertainties about the challenges of aligning Regional Water Strategies with existing Water Resource Plans and Basin Plan Sustainable Diversion Limits for other valleys in NSW in the Murray-Darling Basin. Whilst this is not a core issue for this public consultation, if this Greater Hunter Strategy will be used as a pilot strategy, this uncertainty requires urgent attention.

### ***NSWIC welcomes greater certainty and flexibility for industry***

NSWIC welcomes, in-principle, measures which provide greater certainty and flexibility to industry, particularly during critical drought times.

For example, NSWIC welcomes that:

*“The strategy builds upon recent changes to water sharing plans, including the Hunter Regulated River Water Sharing Plan, that increased carry-over to give water entitlement holders greater flexibility to manage their drought risk”<sup>4</sup>.*

NSWIC emphasises that stability and certainty is crucial when rules-based changes are underway. NSWIC notes that:

*“giving greater certainty to industries by preparing plans that set out how water will be shared and managed during severe droughts”<sup>5</sup>.*

Whilst this is welcomed, extreme care must be taken to ensure this is clearly communicated, easily understood and transparent to water users.

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<sup>4</sup> NSW Government, Department of Industry – Water, “Greater Hunter Regional Water Strategy – Fact Sheet” (October 2018) [p1].

<sup>5</sup> NSW Government, Department of Industry – Water, “Greater Hunter Regional Water Strategy – Fact Sheet” (October 2018) [p1].



### ***Adjustment to water sharing arrangements***

As previously stated, NSWIC is unsure of how this Strategy will align with existing Water Sharing Plans. Whilst it is stated that “the strategy builds upon recent changes to water sharing plans”, clarification is required of the exact nature of the proposed rules changes.

NSWIC notes that:

*“To be most effective, the recommended infrastructure options will require adjustments to water sharing arrangements”<sup>6</sup>.*

NSWIC requests further information on the exact nature of the adjustments, and how they will align with the seven existing water sharing plans.

We ask that our Member, Hunter Valley Water Users’ Association, is involved in this process to ensure that the rules are practical and operational on the ground. NSWIC acknowledges that *“These changes will be reviewed with the community to optimise the benefits and ensure the rights of existing water users and the environments are recognised”<sup>7</sup>.*

NSWIC reiterates the importance of ensuring existing rights of water users are maintained, particularly during critical times of drought.

### ***Financial impacts on water users requires clarification***

NSWIC seeks clarification on how the prospective capital works will be financed, and whether capital works and ongoing maintenance costs will have impacts on water charges, particularly for general security water licences.

The current IPART practice of applying the “impactor pays” principle to water charges may not be appropriate where infrastructure is upgraded or constructed to address urban or industrial water security, but costs are socialised across all water users. There are currently issues in many coastal valleys and the Peel valley where the cost of managing and maintaining water infrastructure is beyond the capacity for water users to pay. In these valleys progress to full user pays models will see many irrigation farmers priced out of the industry.

How ongoing management and maintenance costs will be covered must be addressed prior to construction to avoid investment in unviable schemes.

### ***Measures to make water trade less restricted are welcomed***

NSWIC notes the extent of trade restrictions in the Greater Hunter, owing significantly to water resources being fully allocated by large entitlement holders, and the dominance of high security licences. NSWIC welcomes infrastructure investments to aid in overcoming physical barriers to allow water to be traded to areas of higher need.

NSWIC notes that the proposed strategy includes broadening and deepening the water trade market by allowing transfers between WSPs within a framework that protects third parties.

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<sup>6</sup> NSW Government, Department of Industry – Water, “Greater Hunter Regional Water Strategy – Fact Sheet” (October 2018) [p1].

<sup>7</sup> NSW Government, Department of Industry – Water, “Greater Hunter Regional Water Strategy – Fact Sheet” (October 2018) [p1].



This is compared to the current management arrangement whereby water trade is based around individual WSPs with extraction limits.

NSWIC supports measures to improve the openness of trade and remove restrictions, where there are no negative third-party impacts. We support the use of inter-valley trade limits (IVTs) as a mechanism to protect the fundamental reliability of the water source.

### ***Development of a drought contingency plan***

NSWIC welcomes the development of a Drought Contingency Plan, as a more certain and secure management system than the current process of switching off WSPs in extreme events. NSWIC notes that many WSPs were suspended during the millennium drought. It is important that the plans clarify the operating rules in all reasonably possible scenarios to ensure water users have certainty and clarity.

It is important that the Drought Contingency Plan is developed with water users, is adaptive to enable best-available knowledge to be incorporated (including advancements in climatic modelling) and has a statutory review period to ensure the Plan continues to be best-practice. It is important that water users continue to be involved in the implementation of a Drought Contingency Plan, such as through advisory panels.

### ***Environmental obligations***

NSWIC supports maintaining environmental obligations and using infrastructure and active management to improve them where there is no negative impact on existing water entitlements and allocation reliability. Clarity of environmental rules during extreme events is needed to remove uncertainty from WSPs. In particular, avenues should be investigated to assess non-flow based environmental objectives to ensure a breadth of environmental indicators within ecosystems and improve monitoring.

### ***Regular updates would be beneficial***

NSWIC sees part of the benefit of the Greater Hunter Regional Water Strategy as being an opportunity for information about water security to be readily available, including during the development and implementation of the Strategy. NSWIC recommends that a regular update is provided to water users and communities in the Greater Hunter region. This may include an annual meeting or briefing to provide information on progress and implementation.

### ***Hunter Valley Water Users' Association to be included as a key stakeholder***

NSWIC notes that the Strategy states that “*water users and the community were involved in the review of the regulated river water-sharing plan in exploring water-sharing arrangements that could assist with managing drought risk*”<sup>8</sup>.

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<sup>8</sup> NSW Government, Department of Industry – Water, “Greater Hunter Regional Water Strategy” (October 2018) [p6].



As a member of NSWIC, we request that Hunter Valley Water Users' Association is included as a key stakeholder in the further development and implementation of the Strategy. We note that Members of the Hunter Valley Water Users' Association have been involved in workshops with the Department of Industry over the past two to three years. The content of the Strategy was covered and discussed in those workshops, which has informed Table 28 of the Strategy.

## Conclusion

NSWIC is pleased to see strategic planning to secure and increase water security in the Greater Hunter Region.

NSWIC requires clarification for how this Strategy will fit within existing management rules, and how this change will be communicated so it is understood by water users. NSWIC notes that the sector is facing reform fatigue, and whilst this particular reform appears positive, care must be taken to ensure policy and regulatory certainty and stability in adopting this Strategy.

NSWIC welcomes the aim of the Strategy to improve water security without impacting on existing water entitlement holders. NSWIC, and our Member Hunter Valley Water Users' Association, welcome the opportunity to further contribute to the development and implementation of this Strategy to ensure the aims and objectives can be met.

Kind regards,

NSW Irrigators' Council.