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## SUBMISSION

# NSW Natural Resource Commission 2018-19 Water Sharing Plan Review

## *Review of Coastal Water Sharing Plans*

January 2019

## Introduction

The NSW Irrigators' Council (NSWIC) is the peak body representing irrigation farmers and the irrigation industry in NSW. Our Members include valley water user associations, food and fibre groups, water supply corporations and commodity groups from the rice, cotton, dairy and horticultural industries. Through our members, NSWIC represents 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 productive water-users. 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 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 this local, operational and practical knowledge in water management, and to work with the NSW Natural Resource Commission (NRC). NSWIC thanks NRC for contacting NSWIC to engage us in this process and welcomes the opportunity to provide feedback as part of this review. 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 Coastal Water Sharing Plans (WSPs). However, 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.

Under s.43A of the *Water Management Act 2000*, NRC is to provide advice to the Minister on:

- the extent that water sharing provisions have contributed to environmental, social and economic outcomes; and
- whether changes to those provisions are warranted.

NSWIC understands that this review process involves reviewing water sharing plans individually, beginning with the Coffs Harbour area and the Central Coast, and then the Hunter and Lower North Coast. However, given the state-wide scope of NSWIC, this submission will provide feedback on coastal WSPs generally, rather than specific to a particular region. NSWIC is happy to assist in coordinating communication with specific valleys if valley-specific input is required at a later stage.

## Overview

NSWIC recommends that NRC advises the Minister that:

- the operation and effectiveness of water trading in coastal valleys is ineffective, and options must be investigated to enhance trading in interconnected streams in coastal valleys;
- there is a need to increase the flexibility of mapping processes to allow for ongoing amendments based on new or improved knowledge;

- salinity monitoring methods based on upstream salinity methods should be adopted instead of inflow monitoring to ensure a more accurate indication;
- Water Sharing Plans should adopt the same units of measure to commonly used monitors/meters for all measurements, to ensure clarity and efficiency;
- the NSW Government must lead more active communications with Water User Groups, to show greater responsibility for water management in coastal valleys;
- Government departments must ensure WSP are clear and comprehensible to a broad range of stakeholders and water users;
- Basic Landholder Rights require greater clarification in Water Sharing Plans;
- Any Government response to ‘water mining’ does not set a precedence which restricts the freedom of water entitlement holders and their business decisions.

## Key points

*Water trading and markets are not currently working effectively in coastal valleys*

Water trading and water markets in coastal areas is currently stifled. Coastal valleys have been broken down into small trading areas based on types of flows. This has resulted in limited trading taking place and led to a breakdown of the market system. As a result of limited trading, water prices are lower than normal.

Under the National Water Initiative (NWI)<sup>1</sup> – the national blueprint for water reform agreed to by Commonwealth and State Governments – removing barriers to water trade is a key focus.

An objective (23)(v) of the NWI is:

*progressive removal of barriers to trade in water and meeting other requirements to facilitate the broadening and deepening of the water market, with an open trading market to be in place;*<sup>2</sup>

Specifically, Section 58 (i) of the NWI outlines:

*The States and Territories agree that their water market and trading arrangements will:*  
*i) facilitate the operation of efficient water markets and the opportunities for trading, within and between States and Territories, where water systems are physically shared or hydrologic connections and water supply considerations will permit water trading;*

The breakdown of water trading zones in coastal valleys to such small areas – stifling water trade and markets – is not aligned with the principles agreed to by the Commonwealth and State Governments under the NWI. There are now numerous different trading areas on the one system (e.g. the Richmond), which is not aligned with the intention of Section 58(i) of the NWI. Where water systems are either physically shared, or there is a hydrologic connection, and water supply permits water trading, then trading should be made possible as per Section 58(i).

The impact of such small trading areas is that the market has not been able to develop properly, and water trading and the water market are not operating effectively or as intended.

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<sup>1</sup> Intergovernmental Agreement on a National Water Initiative (2004). Available at: <http://www.agriculture.gov.au/SiteCollectionDocuments/water/Intergovernmental-Agreement-on-a-national-water-initiative.pdf>

<sup>2</sup> Ibid.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that the operation and effectiveness of water trading in coastal valleys is ineffective, and options must be investigated to enhance trading in interconnected streams in coastal valleys.

*There is an anomaly between Water Sharing Plans and licenses regarding water sources, which restricts trade*

Trading areas include tidal and non-tidal water sources, with “whole-of-source” licences encapsulating both types of water source. Licence-holders with “whole-of-source licences” are being told they cannot trade water to another area where the source is different, despite having a “whole-of-source” licence. NSWIC believes that this is an administrative oversight and was not the intention. As a result, there are significant impediments to trade, and frustration by water users.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that this anomaly requires correction to ensure consistency between licences and the WSP, and to facilitate more efficient trading.

*There must be flexibility to update mapping when improved information is available*

It is important that there is flexibility to make necessary updates to mapping as improved information becomes available. Mapping is dynamic, with updated or new information becoming available on an ongoing basis. Water users have reported frustrations as existing mapping processes do not allow for new or improved information to be included, as there is no mechanism or process for this information to be incorporated. This leads to decisions being made based on out-dated information, causing misinformed decision-making and frustration by water-users.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that there is a need to increase the flexibility of mapping processes to allow for ongoing amendments based on new or improved knowledge.

*Cease to pump rules from salinity intrusion should be based on salinity levels upstream, rather than on inflows*

Tidal pools, in effect, function as a dam where the ‘dam wall’ is the point of division between salt from the ocean and fresh water. If salinity intrusion occurs, this ‘dam wall’ effectively moves upstream, which reduces the amount of available water for water users. The natural mixing of fresh and salt water can overpower inflows (unless during a flooding event), meaning that it is more important to monitor salinity level going upstream.

Monitoring based on inflows (via a monitor on a tributary stream) assumes that the monitored stream is the most dominant, and does not take into consideration other tributary water sources. There is currently tremendous variation in regimes, with some measurements being based on river flow gauges and others on depth pegs. The Hunter and the Richmond have both moved away from

inflow measures, and it is recommended that other areas follow to be based on salinity levels going upstream from the ocean.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that salinity monitoring methods based on upstream salinity methods should be adopted instead of inflow monitoring to ensure a more accurate indication.

*Consistency is needed between measurement metrics in Water Sharing Plans and meters*

Currently salinity measurements in Water Sharing Plans have a different unit of measure to salinity monitors and meters on the ground. This creates unnecessary confusion and inefficiency and is administratively onerous to convert measurements.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that Water Sharing Plans should adopt the same units of measure to commonly used monitors/meters for all measurements, to ensure clarity and efficiency.

*The Government must have more responsibility for increased active communication with Water User Groups*

In Coastal Valleys, a significant amount of management occurs through Water User Groups. Coastal users have demonstrated very effective self-regulation over many years through Water User Groups who self-monitor flow rates and implement pumping restrictions and cessations. Whilst this is currently very effective, this puts responsibility back on water users. The Government should take greater responsibility and work more closely with Water User Groups. For example, the Government should be required to lead more active communications, rather than simply publishing information on a website.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that the NSW Government must lead more active communications with Water User Groups, to show greater responsibility for water management in coastal valleys.

*WSPs must be developed based on principles of accessibility, readability and clear comprehension*

WSPs should be communicated in a manner which is able to be effectively, easily and clearly understood by water users. In principle, WSPs should be accessible and comprehensible to the broadest range of stakeholders. Complexity and the need for extensive cross-referencing makes it difficult for stakeholders to be cognisant of all requirements in the WSP, and may result in issues of clarity and a perceived lack of transparency.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that Government departments must ensure WSPs are clear and comprehensible to a broad range of stakeholders and water users.

## *Basic Landholder Rights*

Recently, there has been some confusion about the nature of Basic Landholder Rights in Water Sharing Plans across the state and whether these have changed. NSWIC has raised this issue in submissions to Water Resource Plans and Water Sharing Plans in the previous month.

**Recommendation:** NSWIC recommends that the NRC advises the Minister that Basic Landholder Rights require greater clarification in Water Sharing Plans.

## *Water Mining*

NSWIC is aware of the recent public interest in water mining, particularly in coastal valleys. NSWIC is also aware that the Terms of Reference to the *Independent Review of the Impacts of the Bottled Water Industry on Groundwater Resources in the Northern Rivers Region of NSW* by the Chief Scientist & Engineer, includes:

*1a) review existing data and information on the bottled water industry's entitlements and extractions in the context of:*

- i) total water access rights (basic landholder rights and access licences); and*
- ii) extraction limits established in **statutory water sharing plans**.*

NSWIC is of the firm opinion that all water licenses are equal, and that no preferential or discriminatory treatment should be applied to how that water is used (provided the extraction is compliant and within licence limits).

Water licences are intended to be used by licence holders as they see fit, based on market forces. For example, if an entitlement holder extracts 40mg/L of water, it is then their decision as to whether they produce cotton, rice, fruits, grains, etc. This decision is based on market forces of supply and demand, commodity trends, weather patterns, and other input prices. Regulations do not dictate how a water licence is to be used. If an entitlement holder sees it as most profitable to bottle water, rather than use it to irrigate a crop, then that is the business decision of the entitlement holder. Once the water has been extracted from the water source (within the limits of the licence and in a compliant manner), it is then the discretion of the entitlement holder as to how this water is used.

Whilst there are numerous other issues the public has raised tangential to 'water mining', these are mostly beyond the jurisdiction of NSWIC. However, it is crucial for irrigation farmers across the State, that the autonomy of entitlement holders is not eroded in the process of the Government responding to public opinion about 'water mining'. NSWIC strongly encourages NRC to address the security, certainty and nature of water access entitlements as part of this review and clarify that usage decisions following the legal and compliant extraction of water which an entitlement holder has purchased, are to the discretion of that entitlement holder.

**Recommendation:** NSWIC encourages the NRC to clarify in the review of coastal WSPs that water entitlements do not discriminate on how that entitlement is used, provided the extraction is compliant and within licence limits. Any Government response to 'water mining'

must ensure that a precedence is not set which restricts the freedom of water entitlement holders and their business decisions.

## **Background**

Coastal Valleys are characterised by a climate, hydrology and water demands which are distinct from inland water systems. This requires an individual and unique management approach.

Coastal irrigation water use is characterized by a large number of small licences. Many Water Access License holders are located on the coast, but this accounts for only a small percentage of total extraction. Specific coastal policies addressing these unique characteristics will protect and enhance the important place in the economy of NSW of coastal irrigation.

Irrigation water in coastal areas is derived from regulated rivers and unregulated rivers, groundwater sources and rainfall runoff. Large rainfall events occur in coastal areas; however these are not consistent throughout the year, requiring supplementary irrigation to take crops through to harvesting.

Coastal rivers are short in nature and discharge into the ocean, with only very short time frames from head of system to final discharge. Most of these rivers are unregulated with very few dams or weirs in place to control flows. The vast majority of irrigators rely on pressurised or piped (drip) systems.

Population on the coast is predicted to increase rapidly. Urban water authorities will be seeking greater access to water and, under current legislation these authorities take priority over all other users, without compensation to irrigators. There is an obvious need for an integrated water management plan on a catchment by catchment basis. This should take into account the forecast of future needs for agricultural, industrial and urban/rural residential use, so that water supply authorities and governments have accurate information on which to base decision making as well as to reduce the chances of conflict between those competing for the resource.

The present drought situation and predictions of future water shortages means the storage of water overall needs to be encouraged. Whether this is on farm, cooperative or public storages, effective management of this resource points to the ability to capture large amounts during times of plenty in order to supply needs in times of shortages.

## **Conclusion**

NSWIC thanks NRC for engaging NSWIC in this process of the *2018-2019 Water sharing plan reviews*.

NSWIC hopes the feedback provided in this submission is a valuable part of the review process.

NSWIC welcomes NRC to follow up with any questions or for further information.

Kind regards,

NSW Irrigators' Council