



WATER BLUEPRINT

NSW IRRIGATORS' COUNCIL

Policy Priorities
2021-22



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INTRODUCTION

The NSW Irrigators' Council (NSWIC) is the peak body representing irrigation farmers and the irrigation farming industry in NSW. NSWIC has member organisations in every inland valley of NSW, and several coastal valleys. Through our members, NSWIC represents over 12,000 water access licence holders in NSW who access regulated, unregulated and groundwater systems.

NSWIC stands for sustainable, secure and productive water management.

Irrigation provides more than 90% of Australia's fruit, nuts and grapes; more than 76% of vegetables; 100% of rice and more than 50% of dairy and sugar (data from 2018-19). This means our irrigation farmers are critically important.



Australia's irrigated agricultural sector leads the world for water efficiency and adaptability. To quote the Department of Agriculture, Water & Environment:

“Australian cotton growers are now recognised as the most water-use efficient in the world and three times more efficient than the global average.”

“The Australian rice industry leads the world in water use efficiency. From paddock to plate, Australian grown rice uses 50% less water than the global average.”

Our irrigation industry has a lot to be proud of, particularly when we operate within a very strict regulatory framework. However, we face many challenges in protecting water rights, and getting the importance of irrigated agriculture recognized.

BACKGROUND

The NSWIC Water Blueprint for 2021-22 was developed based on:

- Submissions sought from our 19 Member Organisations, including valley water user associations, food and fibre groups, irrigation corporations and commodity groups;
- Survey responses from irrigators and the irrigation community.

OVERVIEW

1. To crack open the allocation blackbox to identify and address the drivers of eroding reliability of water entitlements.
2. To amend the Murray-Darling Basin Plan with the flexibility to allow new and improved SDLAM supply projects supported by communities and to achieve important environmental outcomes.
3. To remove the risk of further water buybacks from irrigated agriculture and improve environmental outcomes. To maintain secure and sustainable water access for productive use in Water Resource Plan and Water Sharing Plan processes.
4. To limit Floodplain Harvesting (FPH) to the 1994 Cap on diversions through licensing and metering.
5. To make the NSW Government pick up the pace in rolling out the new Non-Urban Water Metering Policy, by resolving administrative and technical barriers to compliance.
6. To push for prompt and considered implementation of the ACCC recommendations for Water Market reform.
7. To address deliverability concerns in the southern Basin to ensure no impacts on entitlement reliability, accessibility of water, or environmental health.
8. To improve understanding of river connectivity, and implement recommendations to improve First Flush management.
9. To prepare the industry for the impacts of climate change (such as through Regional Water Strategies), and find opportunities to be part of the solution.

1. ALLOCATION BLACKBOX

To crack open the allocation blackbox to identify and address the drivers of eroding reliability of water entitlements.

There is a definite trend of reducing reliability of water entitlements across the State. Before the Millennium Drought, NSW Murray General Security licence holders were allocated, on average, 81% of their licence volume, but this has now been eroded to around 48% (on average). Similarly in the Namoi, General Security reliability has declined from 77% to around 39%.

Whilst a step change due to climate change almost halving inflows since 2000 is one of the drivers, there are also multiple cumulative policy drivers that exacerbate these impacts and further erode reliability beyond climate change alone.



Transparency in all the multiple drivers behind this significant reduction in reliability is crucial, as well as improvements in how these trends are monitored and reported on for accountability on how policy and other decisions affect reliability.

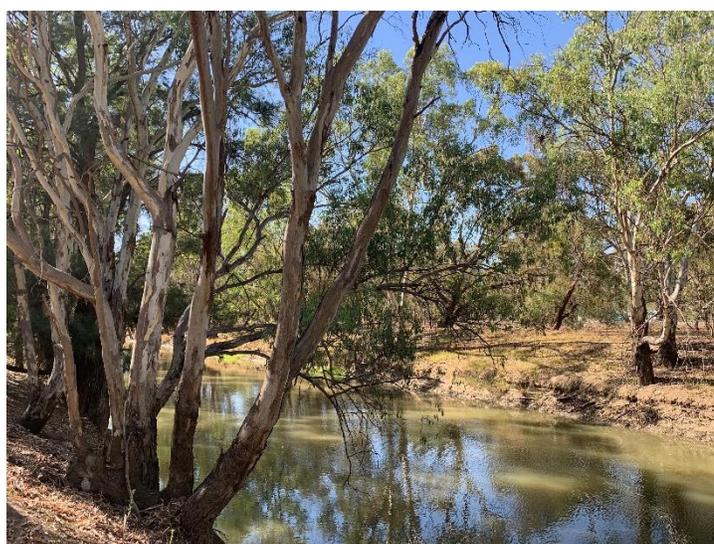
NSWIC will continue advocating for the NSW Government to crack open the allocation blackbox, in particular to identify and address the cumulative policy drivers that are eroding reliability.

2. SDL ADJUSTMENT MECHANISM

To amend the Murray-Darling Basin Plan with the flexibility to allow new and improved SDLAM supply projects supported by communities and to achieve important environmental outcomes.

Flexibility was built into the Basin Plan via the Sustainable Diversion Limits Adjustment Mechanism (SDLAM) supply projects. The SDLAM projects aim to achieve environmental outcomes with less water, thereby avoiding the need for further water recovery from irrigated agriculture with its adverse impact on farmers, communities and water prices.

The Adjustment Mechanism allows the Plan SDL (and associated total water recovery – 2680GL) to be increased or decreased by 5% (approximately 543GL).



Thus, the SDLAM is crucial to minimizing the Basin Plan's adverse social and economic impacts in the southern Basin. Projects equivalent to 605GL in water recovery were submitted to the Murray-Darling Basin Authority by June 2019; the Plan does not allow new projects to be introduced later. Projects must be completed by 30 June 2024. Buybacks remain an option to make up any shortfall to the 605GL.

However, the SDLAM projects are highly problematic. Several big projects are not supported by local communities and need significant reworking, and the NSW and Victorian governments have already stated they will not be able to deliver all projects by the 30 June 2024 deadline.

Positively, a number of great projects that could contribute meaningful environmental outcomes do have community support, but the Basin Plan is currently so rigid that it does not allow for new SDLAM projects to be introduced. Nor does it take account of progress towards completing SDLAM projects as part of the reconciliation.

NSWIC will seek State and federal political support for the necessary changes to the Basin Plan to provide flexibility for new and improved projects and address the impending timeframe failures.

3. BASIN PLAN RECONCILIATION & IMPLEMENTATION

To remove the risk of further water buybacks from irrigated agriculture, and improve environmental outcomes. To maintain secure and sustainable water access for productive use in Water Resource Plan and Water Sharing Plan processes.

Under the Murray-Darling Basin Plan, 20% of irrigation licences have been purchased for environmental water use, in order to reach the Sustainable Diversion Limits in effect across the Basin from 1 July 2019.

Combined with earlier water recovery efforts, this means the environment now owns 28% of licences and water entitlements that used to support irrigated agriculture.

The Basin Plan reconciliation in 2024 poses perhaps the greatest risk to irrigated agriculture, particularly for the southern Basin valleys. If the SDL Adjustment Mechanism (environmental projects to reduce the volume of water recovery required) is not yet fully implemented, further water recovery from irrigated agriculture is a high risk. However, the current SDLAM projects require more flexibility and time to be implemented properly, while the Basin Plan needs flexibility to allow new projects to be added to the mix (more on this later).

NSWIC will seek State and federal political support to adjust the Basin Plan's 2024 reconciliation deadline, and develop optimal reconciliation methodologies, with the objective of mitigating the risk of further buybacks and maximizing environmental objectives. For example, this will include valuing complementary measures towards Basin Plan outcomes and taking into account progress towards completing SDLAM projects by the 2024 deadline.

It is imperative the current risks around the SDLAM projects falling short are transferred from irrigation communities to the States who must instead be accountable. We must stress the grave socioeconomic risks to our industry unless progress starts now to make significant changes before reconciliation in 2024.

This Priority will also encompass the further stages of Basin Plan implementation, such as Water Resource Plan (WRP) accreditation and Water Sharing Plan (WSP) amendments, and work to ensure the best -possible outcomes for the industry through these processes.

4. FLOODPLAIN HARVESTING

To limit Floodplain Harvesting (FPH) to the 1994 Cap on diversions through licensing and metering.

The irrigation industry and communities have waited more than 20 years for FPH to be brought into the modern regulatory framework under the Water Management Act 2000. Importantly, this process does not involve new or more water to irrigators; quite the opposite, it requires an historic form of water access to be reduced to fit within established limits on total water take.



This reform will see a significant transfer of water out of irrigation and into floodplain environments (58.5GL in the Gwydir, and 15.5GL in the Border Rivers for example).

This involves significant social and economic implications for the impacted valleys. However, after two decades of waiting, irrigators want certainty on FPH and support the need for all water take to be metered and compliant with the 1994 Cap and the Basin Plan's Sustainable Diversion Limits.

5. DELIVERY OF METERING REFORMS

To make the NSW Government pick up the pace in rolling out the new Non-Urban Water Metering Policy, by resolving administrative and technical barriers to compliance.

The NSW Government is significantly behind schedule in implementing the new NSW Non-Urban Water Metering Policy. Whilst NSWIC supports this reform, technical and administrative barriers are preventing irrigators from complying within the required timeframes, through no fault of their own. The NSW Government must resolve these barriers, particularly before the majority of irrigators fall due to be compliant in progressive tranches by December 2023.

NSWIC will investigate and identify barriers to compliance, reporting the barriers to relevant authorities, and ensure media reports are accurate and informed. Our industry carries a significant reputational risk if people are not aware of the scope of this reform and industry's willingness to comply. We cannot take responsibility, or the blame, for the Government 'strollout'.

6. WATER MARKET REFORMS

To push for prompt and considered implementation of the ACCC recommendations for Water Market reform.

The ACCC report into Water Markets recommends significant reform in key areas including: market integrity and conduct, trade processing and water market information, market architecture and market governance.

NSWIC has provided a submission supporting most of the ACCC recommendations. NSWIC will advocate for prompt and decisive action by the Basin State and Federal governments to address the issues identified by the ACCC and act on the recommendations.



7. RIVER LOSSES & DELIVERABILITY

To address deliverability concerns in the southern Basin to ensure no impacts on entitlement reliability, accessibility of water, or environmental health.

Concern is mounting over the deliverability of water through the connected southern Basin. This is due to increasing downstream demand (from expanding horticultural developments, and large parcels of environmental water), and a declining river capacity (siltation, erosion, etc.).



The consequence for irrigation farmers is a risk to both the reliability of water entitlements and the accessibility of allocations. Reliability risks result from substantial river losses reducing total water availability; accessibility risks result from the system's physical capacity to deliver the volumes of water demanded.

The ACCC made several relevant recommendations in its report on Water Markets, including:

- Improve modelling of delivery and trade (recommendation 18).
- Formalise and communicate plans for managing delivery shortfalls (recommendation 19).
- Refine river operations guidance to more effectively and transparently balance trade-offs (recommendation 20).
- Improve transparency of conveyance losses and other delivery impacts (recommendation 21).

NSWIC will collaborate with other peak industry groups and stakeholders to resolve these issues, and get action on the ACCC recommendations.

8. CONNECTIVITY & DROUGHT RULES

To improve understanding of river connectivity, and implement recommendations to improve First Flush management.

The Independent Panel Assessment of the Management of the 2020 Northern Basin First Flush Event found that “the first flush event achieved some wonderful outcomes for an environment and communities in need” but recommended further improvements, such as recommendation 1:

“Develop first flush arrangements, in consultation with water users, Traditional Owners and communities, that clearly articulate how connectivity within and between water sources in the Northern Basin, and critical human and environmental water needs, will be provided for during first flush events. Connectivity must be a primary objective of first flush management in the Northern Basin if insufficient water is available to meet tributary and downstream critical water needs.

However, the arrangements to meet downstream critical water needs, of necessity, also have to be reflective of and responsive to the ephemeral and intermittent flow nature of the rivers in the Northern Basin.”



NSWIC will work with the relevant authorities to ensure these recommendations are progressed.

Additionally, NSWIC will work to ensure existing connectivity measures already in place (see the DPIE-Water Stocktake of Connectivity Measures) are well communicated and understood; that the work programs already underway to review such measures are completed on time (July 2023); and, any required changes are implemented as effectively as possible.

9. CLIMATE CHANGE

To prepare the industry for the impacts of climate change (such as through Regional Water Strategies), and find opportunities to be part of the solution.



Climate change poses a significant risk to irrigated agriculture in NSW. The warming drying trend over the last 20 years has seen inflows into rivers across the Murray-Darling Basin almost halve. This trend is consistent with climate change forecasts for longer, hotter droughts interspersed with more intense but relatively short-lived rainfall events.

Climate change poses two main risks to irrigation:

1. The first risk is reduced inflows leading to lower allocations and less secure water access from one year to the next.
2. The second risk is emerging arguments that climate change requires additional water recovery to somehow maintain rivers as they were before climate change, or changes in water sharing rules.

NSWIC will engage in the NSW Government's development of Regional Water Strategies which are intended to improve the security, reliability, quality and resilience of the State's water resources, using the best and latest climatic evidence.

NSWIC will also engage with the relevant experts to develop a Climate Change Strategy for the irrigation sector that focuses on both adaptation, and mitigation. NSWIC will explore new and emerging opportunities (such as carbon sequestration) to best place the sector to be part of the solution and exploit mitigation opportunities.

Additionally, NSWIC will promote a better public and political understanding of current water sharing arrangements that base allocations on water availability, and that prioritise all other users above irrigated agriculture. For example, Under the NSW *Water Management Act 2000*, available water is allocated in a strict hierarchy: (1) Town supply; (2) Environment (as in water to keep rivers running); (3) Stock; and then, last to irrigators.

These policy settings allow automatic adjustments to climate change, countering the argument that climate change justifies further reductions in water available to grow food and fibre, beyond the reductions already driven by climate change.