



National Irrigators' Council

Water Policy - 2019 Federal Election



*healthy rivers, healthy communities, food and
fibre for Australia*

Key policy requests

- Maintain Bi-partisan support for the Basin Plan and its implementation
- Ensure that the full 605GL package of SDL Adjustment Mechanism measures are delivered.
- Ensure the guarantee of no negative impact from 450GL efficiency measures program is met.
- Retain the current legislated cap on water buybacks
- Use the Productivity Commission five-year review of the Basin Plan as the basis for action on implementing the remaining elements of the Plan
- Ensure Basin States have adequate resources for compliance regimes that assure confidence in the system for users, communities and the general public
- Address delivery constraints and losses for water users on the Murray
- Resolve over-recovery issues
- Maximise community involvement, and build confidence, in environmental watering
- Allocate an additional \$500 million to put in place Complementary or non-flow Measures designed to enhance the river environment
- Commit \$20 million to upgrade river monitoring and measurement in the Murray Darling Basin including particularly the Northern Basin
- Work to provide more comprehensive, timely and transparent water market information
- Recognise the role irrigated agriculture plays in regional development and national income

Table of Contents

Background	1
NIC Guiding Principles.....	1
Murray Darling Basin Plan.....	2
Maintain Bi-partisan support for the Basin Plan and its implementation	3
Ensure delivery of the full 605GL package of SDL Adjustment Mechanism measures	3
Ensure the guarantee of no negative impact from 450GL efficiency measures program is met	3
Retain the current legislated cap on water buybacks	4
Use the Productivity Commission five-year review of the Basin Plan as the basis for action on implementing the remaining elements of the Plan	4
Ensure Basin States have adequate resources for compliance regimes that assure confidence in the system for users, communities and the general public.....	4
Address delivery constraints and losses for water users on the Murray	4
Resolve over-recovery	4
Maximise community involvement, and build confidence, in environmental watering	5
Allocate an additional \$500 million to put in place Complementary or non-flow Measures designed to enhance the river environment.....	6
Commit \$20 million to upgrade river monitoring and measurement in the Murray Darling Basin including particularly the Northern Basin.....	7
Broader Water Policy	7
Work to provide more comprehensive, timely and transparent water market information.....	7
Recognise the contribution of irrigated agriculture in regional development and national income.	7
Appendix 1 – % of Australian production grown by irrigation farmers	9



How much would you miss irrigation farmers?

Background

Irrigated agriculture plays a critical role in supplying food in the Australian domestic market and to meet the ever increasing global demand for Australia's clean, green produce. The sector's industries are key drivers of jobs on farm and in related processing industries, contributing in a significant way to the social and economic wellbeing of communities.

The total gross value of irrigated agriculture in Australia 2016-17 was worth \$15.5 billion¹. Irrigated agriculture underpins local economies and the national economy through export income as Australia gains market access into countries seeking Australian product. Appendix 1 shows the importance of irrigation in supplying the basic fresh food and natural fibre Australia enjoys. The simple fact is without irrigation farmers Australia would not have fresh fruit and vegetables.

NIC Guiding Principles

The objective of the National Irrigators' Council is to protect or enhance water as a property right and to champion a vibrant sustainable irrigation industry.

- A healthy environment is paramount
 - Sustainable communities and industries depend on it
- Protect or enhance water property rights
 - Characteristics of water entitlements should not be altered by ownership
- No negative third party impacts on reliability or availability
 - Potential negative impacts must be compensated or mitigated through negotiation with affected parties
- Irrigators must be fully and effectively engaged in the development of relevant policy
- Irrigators expect an efficient, open, fair and transparent water market
- Irrigators require a consistent national approach to water management subject to relevant geographical and hydrological characteristics
- Irrigators expect Government policy to deliver triple bottom line outcomes
- Regulatory and cost burdens of reform be minimised and apportioned equitably.

The irrigated agriculture sector, along with the broader farming sector in Australia, has faced significant challenges over recent years against the backdrop of relentless drought conditions with record low inflows into the Murray Darling system. With limited or no water allocations across many regions, producers are dealing with a dramatically changed business environment for their various commodities with resultant low incomes. This is also causing major flow on effects for irrigated agriculture dependent communities who look to the sector for jobs on farm and in related processing industries.

Added to this is the cumulative impact on communities of constant reform over the last 30 years. That cumulative impact on communities emphasises why it is so important to be conscious of avoiding negative impacts from the remaining implementation of the Basin Plan.

Added to the water challenge has come a major threat to agricultural competitiveness from energy prices. Pumping costs have exploded as electricity prices have increased in recent years. Many

¹ Australian Bureau of Statistics

irrigators have to lift water and, paradoxically, the move to more water efficient systems also involves greater use of energy. National Irrigators Council has put forward solutions to this problem as part of the Agriculture Industries Energy Taskforce (Ag Energy Taskforce) in a separate election policy document.



Murray Darling Basin Plan

Current drought conditions have the Murray Darling Basin Plan further into the spotlight, with suggestion from some individuals and groups that there must be a pause in the Plan, or a scrapping of the Plan. While recognising the key elements of the Plan that are yet to be secured, it would be wrong to divert in any significant way from the Plan, acknowledging the level of sacrifice made by the irrigated agriculture sector and its dependent communities to Australia's water reforms.

The Basin Plan was never intended to – nor is any plan capable of – preventing drought. Over the past twelve to eighteen months we have seen constant unwanted records for low inflow and high temperatures. What the Basin Plan does do is seek to improve the environment by building resilience.

NIC wants to see a Basin Plan which ensures healthy rivers, healthy communities and a continuing capacity to produce food and fibre for Australia.

The Basin Plan is seven years into its twelve year implementation. It would be premature to assess the success of the Plan half way through. Environmental recovery will take decades. However, we know from early reports that there have been some significant improvements in key indicators of environmental health across the Basin.

After many decades of argument, a bipartisan Basin Plan was agreed in 2012. This represented significant sacrifice for irrigators and major social and economic pain for Basin communities. However, the Plan held the prospect of providing some certainty for Australia's most important food and fibre producing industries; it also represented an opportunity to reverse and repair damage to the environment.

Maintain Bi-partisan support for the Basin Plan and its implementation

The Basin Plan was an historic bi-partisan agreement which relies on Commonwealth and Basin State Government's for its success. It is vital that in this election the bi-partisan support for the Basin Plan is maintained. The Basin Plan will not be implemented without a cooperative approach, the plan needs engagement from each government, each community and industry to be successful.

Ensure delivery of the full 605GL package of SDL Adjustment Mechanism measures

The suite of 36 supply measures projects are a critical component of the Basin Plan, and if successfully implemented, will provide environmental benefits, along with better economic and social outcomes. Implementation must occur with comprehensive and genuine community and stakeholder engagement and with maximum adaptability of the projects.

NIC has long held the view that while the projects are in the hands of Basin Governments to deliver, the risk rests largely with the irrigated agriculture sector and Basin communities. And it remains a concern, indicated throughout the political debate, that there is little concern about the separation of risk and responsibility, where the failure to implement the projects will have implications for the sector and communities.

NIC is concerned about slow progress on some projects. But as made clear by the report of the Productivity Commission (the Commission) following the five-year review of the Murray Darling Basin Plan, the core reasons for lack of progress rest with Government.

NIC's concern is that while responsibility for resolving these issues rests with Government, the cost of failing is borne by communities and irrigators.

And as noted by the Commission: *The package of agreed supply measures is potentially more cost effective than recovering 605 GL of water entitlements to achieve the environmental outcomes. Successful implementation could save Basin Governments and taxpayers in the order of half a billion dollars by avoiding further water recovery, which is a concern for many communities. These measures could also provide additional benefits to improve the long-term health of the Basin, such as the ability to provide additional delivery capacity, greater flexibility for river operations and capacity to water new areas of floodplain.*

It is reasonable that some projects may require more time to ensure that those projects meet their desired objectives, a fact also noted by the Commission, that it will be the communities who suffer most if the projects fail to produce their anticipated benefit.

Ensure the guarantee of no negative impact from 450GL efficiency measures program is met

When the 450GL efficiency component of the Basin Plan was announced by former Prime Minister Gillard and former Minister Burke, a guarantee was given that there would at least neutral or positive community impacts. NIC expects Governments to meet this condition by:

- Retaining the definition of socio-economic impact agreed by basin water Ministers in December 2018;
- Pursuing all off-farm options towards achieving the 450GL goal first;
- Engaging with communities to design any future programs so they meet the needs of those communities.

Retain the current legislated cap on water buybacks

The cap on water buybacks was secured in 2015 with bipartisan support from Government and Opposition along with State Basin Water Ministers. The cap enhanced business confidence for the irrigated agriculture sector and greater certainty for the communities that depend on the Basin's water resources for employment in agriculture related industries.

Suggestions now that the cap might be removed are creating significant uncertainty for the agriculture sector and the communities.

NIC remains opposed to the use of untargeted buyback as a mechanism for achieving water recovery targets. Buyback has significantly larger negative impacts on communities than water obtained through efficiency measures. This has been conclusively proven with detailed community level socio-economic analysis from the Murray Darling Basin Authority.

NIC has long argued the case for a balance between social, environmental and economic outcomes to ensure the Basin Plan is fair and workable. We remain committed to genuine reform focused on a viable, productive irrigated agriculture sector in Australia and environmental reparation and improvement.

Use the Productivity Commission five-year review of the Basin Plan as the basis for action on implementing the remaining elements of the Plan

NIC endorses the majority of the very sensible findings in the report of the Productivity Commission following Commission's 2018 five-year review of the Basin Plan. The report should be as the basis for action on a range of fronts in implementing the remaining elements of the Plan.

Ensure Basin States have adequate resources for compliance regimes that assure confidence in the system for users, communities and the general public

The irrigated agriculture sector supports strong compliance and has zero tolerance for water theft. The sector pays a significant amount of funds for compliance via its fees and seeks those funds to be spent effectively.

An effective compliance regime will build confidence in the system by industry, community and the public. Not only does this enhance confidence in the system but it also ensures the value of a water entitlement as a property right is not undermined.

Address delivery constraints and losses for water users on the Murray

NIC seeks a commitment to addressing issues relating to delivery constraints for water users in the Murray, equitable sharing of losses during delivery and better information around management decisions resulting in increased losses through overbank flows.

Resolve over-recovery

NIC seeks a commitment to addressing over-recovery of environmental particularly in the Gwydir, Macquarie and Lachlan valleys.

The Productivity Commission report on the five-year assessment of the Murray Darling Basin Plan, noted that there is no clear process to address over-recovery. NIC strongly supports the

Commission's view that *any attempts to transfer over-recovered water to the efficiency measures program should not be countenanced in areas where water cannot meaningfully contribute to the environmental objectives of that program in the southern Basin.*



Maximise community involvement, and build confidence, in environmental watering

The next Commonwealth Government must be proactive in building a new stream of work to focus on maximising the benefits of environmental water by building community and catchment involvement in environmental water decisions; better coordinating environmental watering with natural flows and releases and undertaking complementary measures to improve the river habitat and riparian zones.

NIC supports the use of local knowledge as a critical part of broader approach to decision making around managing environmental water to ensure delivery of water to important environmental assets, mitigate potential negative impacts and where possible provide flow on benefits for communities including, particularly, for first nations communities.

The deployment of local knowledge might work in conjunction with the existing team of local engagement officers appointed by the Commonwealth Environmental Water Holder (CEWH) who are currently playing an important role working with communities and delivery partners (state agencies, river operators and local advisory groups) to ensure the delivery of water to important environmental assets.

Complementing the work of the local engagement officers, NIC recommends an approach that focuses on maximising the benefits of environmental water by building community and catchment involvement in environmental water decisions, engaging with local communities, landholders and catchment management authorities specifically to support coordination of environmental watering with natural flows and releases.

Allocate an additional \$500 million to put in place Complementary or non-flow Measures designed to enhance the river environment

The irrigated agriculture sector has long advocated the need for complementary measures to improve connectivity and habitat for native fish, concerted action on terrestrial and aquatic animal and plant pest species, and to address cold water pollution. A dedicated focus on these measures is becoming increasingly pressing, where it is underpinned by the outcome of scientific work on native fish, impacts of terrestrial and aquatic pest species etc.

It is clear that without complementary measures, the water reserved for the river and the environment will not produce actual environmental outcomes. A flow target is not an environmental outcome, but just one part of the mechanism to achieving an outcome.

NIC submits that Complementary Measures (also known as toolkit measures in the Northern Basin) facilitate:

- delivering equivalent ecological outcomes required to meet Basin Plan objectives that will not be met through existing water recovery measures
- supporting the rehabilitation of native fish species
- improving productivity within aquatic ecosystems
- increasing the resilience of threatened species
- improving social and economic prosperity from aquatic resources
- contributing to the achievement of cultural water objectives

These are critical measures designed to underpin short, medium and long term outcomes to ensure that native species have the greatest opportunity to thrive. This approach will deliver the Basin Plan's environmental objectives over time without additional collateral damage to regional communities. Such measures fall into two categories, fundamental interventions or actions required to achieve improved ecological outcomes in our river systems, or new opportunities for operation and management of environmental resources.

NIC will provide further information on the following non-flow measures:

- a) Carp control through the release of the Carp Herpes virus
- b) appropriate management of cold water pollution
- c) improvement of fish migration through fishways along the Barwon-Darling & tributary catchments
- d) restoration of native fish habitat
- e) feral animal control in wetlands such as the Narran Lakes, Gwydir Wetlands and Macquarie Marshes.
- f) Riparian land management
- g) Weeds

The irrigated agriculture sector has for some time viewed Complementary Measures as potentially so effective that they could achieve better environmental outcomes than recovering further water. We strongly advocate consideration of Complementary Measures as a part of achieving the remainder of the Basin Plan.

Notwithstanding that funding allocated for the Plan is currently constrained by the existing criteria, we nevertheless believe it is important to progress the work around complementary measures and advocate allocating additional funding to this effort. This would provide a significant improvement in environmental outcomes for the Plan.

Commit \$20 million to upgrade river monitoring and measurement in the Murray Darling Basin including particularly the Northern Basin

In recent public controversy over the Basin Plan it has become clear that there is a need for upgraded monitoring of river conditions in the Murray Darling system. This includes flows along with water quality measures. This monitoring is separate to the appropriate requirement for water users to have modern and secure metering or measurement of take. River monitoring is appropriately the role of Government and NIC strongly advocates a program of upgrades to ensure modern reliable and consistent river monitoring broadly across the system.



Broader Water Policy

Work to provide more comprehensive, timely and transparent water market information

Australia has a world leading water market system; water entitlements were separated from land and a water market was established, with the express purpose of enabling water to go to its highest value uses (within the bounds of physical constraints). There is no doubt it is achieving that aim, although this does not come without cost. NIC strongly supports the system of water entitlements and trading.

We are concerned however, that despite significant effort and expenditure, the water market is difficult to navigate, still lacks transparency and in many cases, timeliness of information. This is not entirely surprising given the complexity of products and differing state based registers, but a more streamlined, user friendly water market platform will improve information flows, transparency and ease of operation.

Recognise the contribution of irrigated agriculture in regional development and national income

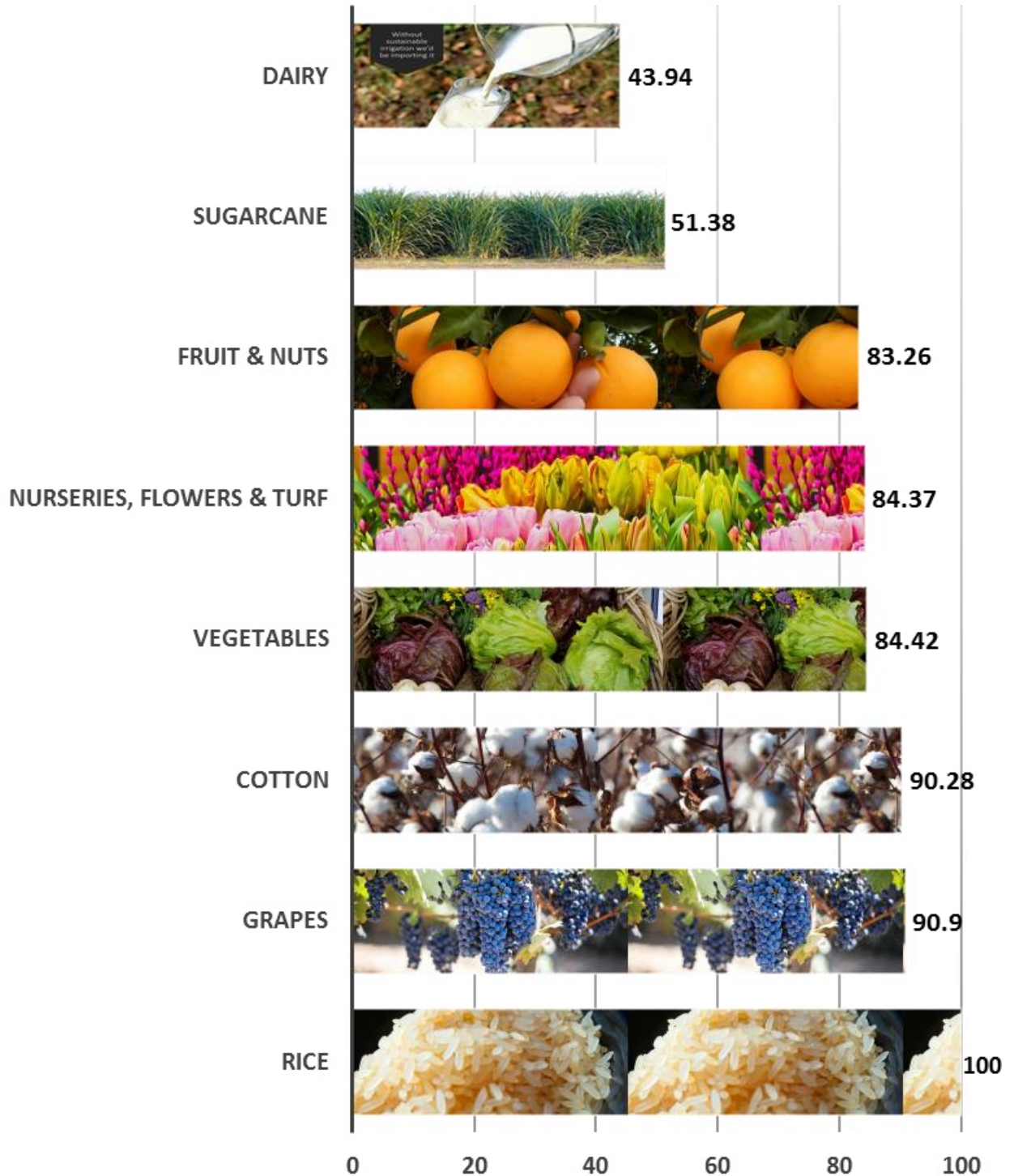
Irrigated agriculture plays a critical role in generating jobs and income in regional areas. During the assessment of the viability and cost/benefit of new or expanded irrigation schemes, flow on benefits

for regions and for the broader economy must be taken into account. There is an ongoing role for Government in financing new and expanded irrigation in suitable areas. In implementing National Water Initiative (NWI) principles, Government and pricing authorities must be enabled to take into account the flow on impacts of their decisions on local economies.



Appendix 1 – % of Australian production grown by irrigation farmers

Irrigators grow Australia's food and fibre
 % of Australian production (by value) from irrigation
 2016-17 (ABS figures)



Authorised and printed by:

Steve Whan

Chief Executive Officer

Email: ceo@irrigators.org.au

Mobile: 0429780883

Phone: 02 62733637

NFF House

14-16 Brisbane Ave

Barton ACT 2600



**National
Irrigators'
Council**

Web: www.irrigators.org.au

Twitter: @Nat_Irrigators

Links:

National Irrigators Council: www.irrigators.org.au

Ag Energy Taskforce: www.agenergytaskforce.org.au