



24th February 2010

Standing Committee on Natural
Resource Management (Climate Change)
Parliament House
Macquarie Street
SYDNEY NSW 2000
Email: climate.change@parliament.nsw.gov.au

RE: Inquiry into Sustainable Water Management

Dear Ms Buchbach (Committee Manager)

The Wine Grapes Marketing Board a NSW Statutory Authority representing the winegrape producers in the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee welcomes the opportunity to provide a submission into the current inquiry of the Standing Committee on Natural Resource Management (Climate Change) into Sustainable Water Management. Please find following our submission on behalf of the 450 winegrape producers in the Riverina region of NSW.

As the Board's area of operations focuses on irrigated viticulture our submission will focus on this area.

(a) The likely impact of climate change on the availability of water resources under different climatic scenarios

As identified, climate change will bring about changes in the variability of rainfall events across the world and the productive region of the Murray Darling Basin. While temperatures are forecasted to increase by approximately 2 degrees over the next 40 years it should not significantly impact on the access and availability to irrigation water through the existing systems of delivery in the majority of this region.

The majority of irrigation of winegrapes in the Board's area of operations is via High Security licensed holders taking from surface water, predominately the Murrumbidgee River which is well regulated. 95% of our growers are based within the Murrumbidgee Irrigation Area and Coleambally Irrigation Area with the rest receiving their irrigation from the Lachlan River and ground water sources.

Given the highly regulated irrigation system that winegrape growers operate within it is believed that there will be minimal impacts from various climate change scenarios.

The Board supports the retention of the status quo in terms of the two tiered allocation system of licence entitlements in the Murrumbidgee Irrigation region, i.e. high security and low/general security. Each allocation pays a different entitlement charge and its inherent value is vastly different given the level of security each has.

A minority of our producers rely heavily on sub-surface water to produce their winegrapes. It is believed that under the various climate change models sub-surface recharge may be at times limited and the take from these systems may be adversely affected. This will limit the productive values of these properties and lead them to pursuing surface irrigation options through existing water markets.

WINE GRAPES MARKETING BOARD

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As an industry, growers are concerned in relation to the Sustainable Diversion Limits that the Murray Darling Basin Authority is going to introduce and how this will impact on existing water availability in this region. For example many of the regions growers have spread their existing water entitlement across a number of properties in an attempt to utilise their asset (water) more effectively. These growers responded to the wine market by increasing their productive capacity at a time when wineries were seeking larger volumes of like fruit to suit growing markets. Any change in the existing system via a possible percentage reduction in water availability will harm the productive base of this region. Growers that have responded to market conditions will be negatively impacted whereas growers that have been satisfied to remain small but productive will possibly not see a decrease in their productive capability.

As water per hectare entitlement varies considerably across this region it is impossible to understand that a government may look to reduce entitlements by any equitable means purely to satisfy the requirements of the environment.

(b) Approaches to the management of water resources by all water users including provision for environmental flows

Trading rules for inter-valley trades needs reviewing to ensure that sellers can access the market more effectively. In 2009 the Wine Grapes Marketing Board raised its concerns with the NSW Government that the sale of water via ballot was not enabling free and open trade of irrigation entitlements. The timing was limited and the rules of trade varied throughout the process. This left many growers unsure of the correct procedure and with little time to act on the ballot.

The Board encourages fair, open and fully transparent trading systems to be in place to ensure that market participants can operate within the market effectively.

The Board is also concerned that the flow of water downstream of the trade does generally not take into account the conveyance loss to transport this water. Therefore when a entitlement purchaser in the South Australian temporary market purchases one megalitre of water from a growers in the Murrumbidgee Irrigation Area of New South Wales they receive one megalitre. However there is no accounting for the transmission or conveyance loss associated with this water being moved further downstream.

The same principals could be applied to all water movements, growers taking water from the far reaches of the system are taking water that has generally used water to be transported to them. Perhaps a calculation should be made to discount the water availability at the far reaches of the system.

The management of allocations by the State is important as they have a better understanding of the needs of irrigators within their state and the infrastructure they operate. The Board sees no value in handing the power of making and enforcing allocations and conveyance rights to a single entity for the entire Murray Darling Basin.

On the matter of environmental flows the Board believes that these need to account for drought conditions. Areas of environmental importance cannot be expected to be supported during periods of extreme drought. To provide extra water when in fact during a drought these areas would have none needs to be done very carefully when balancing the needs of irrigated agriculture and stock and domestic usage. During a drought the needs of industry and the general populus needs to be higher than that of the environment.

(c) Best practice in water conservation and management

The winegrape producers in the Riverina have actively embraced irrigation technology. While there exists some growers that utilise the open furrow systems in their vineyards the vast majority have moved on. Such adjustments have been made by market forces impacting on the industry and through growers wanting to better manage the precious resource.

High technology irrigation systems and soil moisture monitoring are now common place in the Riverina.

However caution should be applied to the continued push to move growers across to high technology systems that are operated by powered motors. The industry needs to be aware of the costs to the environment of electric motors and combustion engines. The State government could investigate subsidies for emerging now and low environmental impacting proven technologies.

The costs of production using electricity will be ever increasing using existing pricing models, whereas liquid petroleum based fuels are also slowly rising.

Further analysis is needed on the use of solar energy applications to generate power to runs these systems or find alternative bio-fuels for the combustion engines.

In the Riverina the use of gravity fed drip irrigation systems is feasible but may involve a higher installation setup cost than existing technologies but both industry and governments need to be investigating the needs and requirements of industry so that together we can meet the challenges of reducing our environmental foot print while remaining a productive contributor to the regional and state economy.

Yours sincerely



Brian Simpson
Chief Executive Officer