

REPORT OF PROCEEDINGS BEFORE

**STANDING COMMITTEE ON NATURAL
RESOURCE MANAGEMENT**

At Sydney on Friday, 5 September 2003

The Committee met at 10.00 a.m.

PRESENT

The Hon. Pam Allan (Chair)

Mr G. Aplin
Mr A. M. McGrane

Transcript provided by CAT Reporting Services Pty Limited

DOUGLAS MIELL, Executive Director, New South Wales Irrigators Council, Level 6, 139 Macquarie Street, Sydney, and

JACQUELINE KNOWLES, Policy Analyst, New South Wales Irrigators Council, Level 6, 139 Macquarie Street, Sydney, sworn and examined:

CHAIR: I am advised that you have been issued with the Committee's terms of reference and also a copy of the Legislative Council's Standing Orders 332, 333 and 334 that relate to the examination of witnesses. Is that correct?

Mr MIELL: Yes.

Ms KNOWLES: Yes.

CHAIR: Would you like to do a presentation and then we can deal with some questions?

Mr MIELL: Yes. Madam Chair. I am relatively new to this position, so I will just give a brief overview of changes since our submission was made and then hand over to my colleague to speak to the submission. There is no change that we wish to make to our submission and I do have a copy of our submission that I wish to table before the Committee.

The major change to the circumstances in which the industry operates is clearly the continuation of the precarious nature of water resources and the availability of water that is going to impact on the industry. Notwithstanding the recent rain, there is obviously still a long way to go before allocations are anywhere near what the industry would like to guarantee its production base, but significantly the COAG decisions, the National Water Initiative that was announced in COAG meetings last Friday, do give a major change to the policy thrust that is going to impact on this sector and a lot of the issues are being addressed by your terms of reference here.

We see the next six months leading up to whenever the next COAG meeting is held as being a very active time for policy development and industry development in this sector. That is going to be guided by the four working groups that we understand COAG is going to implement: water rights, access to water, trading regimes, urban water. They are the focus of that committee. They are going to touch on obviously a lot of issues that are already in play, the water sharing plans that Minister Knowles has put on hold until 1 January next year, so we do not really know yet how that might impact with COAG, and obviously the Murray-Darling Basin Commission. The ministerial council had proposed, or still has proposed, to make its first position statement some time in November, so we do not know yet to what extent COAG is going to come across the top of those initiatives and perhaps put those on hold.

The good thing is that water is very, very much on the policy agenda of all governments, so we are very pleased with that. It gives us, as an industry, a chance to identify that it is a \$10 billion industry critical to regional development and community development and that the issues of environmental sustainability and the ongoing productivity base are very important to everybody, so we welcome the opportunity to be part of that debate and congratulate governments of all persuasions for coming together and making it such an important policy issue.

With that, if I can table our submission and hand over to my colleague to speak to that, thank you.

Ms KNOWLES: I think if we could have questions and answers today it would be good, but I note that the Committee has sent us a series of questions that you would like us to address today.

CHAIR: Yes.

Ms KNOWLES: They are quite detailed and complex questions that you have raised and, in light of where COAG and the National Water Initiative are going, I guess they are questions that will be thrashed out in the working groups and those sorts of things over the coming months, but they are issues that have been identified and need to be dealt with.

I note specifically that you have asked a question regarding the trade in and out of irrigation areas and districts such as the irrigation corporations in New South Wales. While the Irrigators Council represents those corporations, they have indicated to us that they would be pleased to present evidence to you directly of exactly what their rules are and why they are in place because there are complex reasons for those rules and when people say, "Oh, you have trading rules and we need to remove those trading rules so that we can have free and open trade", the generic response is that there are reasons why we have these rules: They are to protect the environment, they are to protect the supply of our existing customers and they are to protect the integrity of our companies, and if there are other mechanisms that can deal with the issues, then we are happy to look at them, but we cannot just remove these barriers or remove the rules that we have got and have nothing to replace them with because there are good reasons why they are in place. So the Irrigators Council has a policy that trade is good and trade needs to be developed, but community impacts, environmental impacts and third party impacts need to be addressed as part of the rules of trade. So I would encourage the Committee to receive evidence from people like the Murray Irrigation and Murrumbidgee Irrigation, because they are more than willing to present the more complex arguments for the rules that they do have in place.

CHAIR: Some of those may have made submissions to us, but would you object if our secretary contacted you directly to get their approach?

Ms KNOWLES: Yes, certainly, that would be fine. They are very keen to participate. When they heard that we were doing that, they said, "We would like to do that too".

CHAIR: Okay, we will do that. These issues are fairly detailed, I must admit, these three questions. If you do not want to address them today, we are happy for you to take them on notice. What would you prefer?

Ms KNOWLES: I think probably if we could take them on notice that would be good, because over the coming months those sorts of issues are going to be fleshed out in more detail. So it would be good to follow that debate.

CHAIR: If you could do that, we would appreciate that.

Mr MIELL: Do you have a specific time line?

CHAIR: No. Mr Aplin, have you got any issues you would like to raise?

Mr APLIN: Not at this stage. I will come back to it.

CHAIR: Mr McGrane?

Mr McGRANE: No, I am right.

CHAIR: Can I just ask you what are your member's responses generally at the moment to the changes that have been mooted by the Government and how they perceive the COAG reforms?

Mr MIELL: COAG improvements, very good, very supportive, but most of what is in COAG is what the industry's long arm would call water title, guaranteed access, et cetera, but the devil is in the detail. In the communique there are a number of issues that we need more explanation of. It is just the detail that is the principle, so obviously getting down into the detail to clarify some of the statements there, because certainly on one hand, there are some statements there that in the generic form without explanation could actually trade off some of that security. So we just need to get into the working groups and just get the devil out of the detail and work through industry positions I think, but in principle very supportive and we have indicated that to Minister Knowles, Minister Anderson and to the Prime Minister.

We have requested seats on the Ministerial working groups. Minister Anderson says yes, that will happen, but whether or not it does remains to be seen. We are continuing to push so that industry is not locked out of the development processes, because basically we see it as the threshold of the development of the industry for the next decade. I can say across the industry it is very supportive.

Ms KNOWLES: We have got a couple of documents that we would like to table for the Committee's information. They relate to some of the key points of the COAG decision that was made last Friday. One of those is the principles surrounding water trade; and the other one is a little bit more detail on what we believe secure access rights are. If I can table those for the Committee's information as well.

Documents tabled.

CHAIR: You are having the dialogue, you are suggesting, with the acting Deputy Director General of the Department of Natural Resources. Obviously, there are a lot of changes that are being signalled for the organisation of policy which affect your members. Are you involved in that process and are you receptive to those changes and are you looking forward to those changes? How do you feel about them?

Mr MIELL: Certainly, yes, we are involved and we have had meetings with them, yes, they are ongoing. We certainly want to be involved at every level, so we welcome the opportunity to be able to present the initiatives. We do have very good working relationships with the appropriate departments, right down through the regional areas, and with Minister Knowles' officers as well. So from that point of view we are not put off by the fact of what is happening, so long as industry has an appropriate amount of time to respond and that obviously fits into the parliamentary schedules and all that sort of stuff.

With this point made, particularly with COAG, and even through Minister Knowles, the industry would be not very happy if we were given a bureaucratic position paper say at the end of January or early February that had to be responded to by April for the next sign-off with COAG. So because the changes impact on just more than the industries, there are entities out there as well, that is our only concern, that we do get enough time to be able to run meaningful communications and consultations with our members and the broader community, so that they can have confidence in and come along with the process, rather than being given the feeling that they are locked out.

That is the critical element, because the industry is under stress at the moment with the drought, with a lot of people being very much concerned about their survival and their limited or lack of water access. So major reform on top of them feeling locked out is not going to be conducive to getting good industry agreement. That is the message we continue putting to the Ministers. We have our policy statements, which have been around for some time, and we continue to make sure that people are aware of those at every opportunity, and we have good dialogue with the Federal Government as well. So we have good access and we hope that keeps going as processes are developed.

Ms KNOWLES: I think the key component of the departmental reform was the direction that Minister Knowles seems to be taking, which is the development of catchment management operators and that sort of thing. The Ian Sinclair led group on that reform, its implementation apparently addressed some of those catchment management issues.

I think that there is an important step that needs to happen between now and the formation of those catchment management authorities, and that is engagement with other stakeholders, people who have not been involved in the Sinclair group, in what the new structure should look like and how they should be able to interact with the community and that sort of thing.

Contained in our submission were extracts from a discussion paper that we put together in May 2003 for the Sinclair group. It was a document titled "Integrated Catchment Management and the Community", and again I have got a full copy of that document to table with the Committee.

New South Wales Irrigators Council discussion paper May 2003 "Integrated Catchment Management and the Community" tabled.

Ms KNOWLES: A lot of what is contained in that document is about the push for regionalisation which Minister Knowles has indicated he is very keen to do; and what is the makeup of those catchment management authorities, how should they be resourced; what responsibilities should they have and how does that fit within an overarching State-wide framework for natural resource management, because our council has identified the key issue with the resource management planning that we have had in New South Wales is the lack of connection between the regional planning processes and an overarching State-wide process that has not been there at the start or is still not there and so committees have not had a

direction or a framework within to work, and then when they have finished their community planning processes, Government has come in and said, "Well, hang on, we have got a new State-wide framework now and what you have done does not fit with that". A lot of it is about having the roles and responsibilities and the framework in place and then communities being able to make decisions within those frameworks.

Mr APLIN: You do in your submission include a diagram which leads to outcomes. In the current climate, given the access to water tenure and the current climate of change, what outcomes are currently in place with the composition of your irrigation group? I am looking more at the social, economic long-term planning.

Ms KNOWLES: I guess that is one thing that has been missing. Particularly the water sharing planning process has been that there is this amount of water research or potential social and economic impact of the plan. We welcomed the Government's announcement just prior to the March election for there to be an ongoing investment of \$0.5 to one million per annum in the assessment of water sharing impacts. So that is something that we hope will be in place, but I agree it is something that has really been missing and the resources for the community to do that work have been minimal, and the time that they have been given to do that has been quite reduced as well. In relation to what are the social and economic outcomes, for example, of the water sharing plans, most people would shrug their shoulders and say, "We are not sure. We are just going to have to wait and see."

Mr APLIN: In that regard, would you look to playing a role with the Catchment Management Authority?

Ms KNOWLES: We see that the new Catchment Management Authorities need to be more connected with the individual. I will take a step back. Essentially now we have got water sharing committees and native vegetation committees and catchment management boards, and while there is cross representation, there seems to be a lack of linkage between them. So what we have proposed in the diagram that I assume you are looking at there is an overarching catchment authority, with expertise for water planning or native vegetation planning or whatever might happen feeding into that catchment management authority, so that there is a connection there at the regional scale, because we have had three different types of plans essentially being drawn in isolation from each other. The connectedness is not really there.

Mr MIELL: We had a community advisory committee meeting with the Murray Darling Basin Commission (MDBC) a couple of weeks ago and the issue of social impacts came up and was addressed by a doctor from one of the universities in Queensland. He was really saying that it was very involved, very time consuming at the consumer level to do it properly. That is an example of what MDBC is doing. They have identified a need for that, but it is very time consuming and it cannot really happen until a decision has been made that you can take to the community and say, "Do you like this little pink box?" So it is talking probably 12-18 months to do the process fully. It can significantly slow down the process, but it is a critical part of it as well, as is the economic side.

At what stage do you introduce those processes in the policy development? You have got to inform the process with a policy direction of some sort, but, as you have seen with the Murray Darling, they are keen to move, their council is going to make a decision in November. Their scientific reports are only just out. The economic and social impacts, of course, will not be out before they have made their first stage decision. So there are some real conflicts there from the issues point of view of how you can bring the broader community input in when there is a fairly time consuming element of the process.

CHAIR: Thank you very much for your presentation. We will certainly look at the documents you have tabled and we would be happy to talk to your constituents if you can encourage them to make a submission. We will contact them directly and ask them to come.

Ms KNOWLES: If I can add just one more thing before we close, Madam Chair, I would encourage you to explore, for example, with the irrigation companies the programs they have in place, the land and water management plans about how they are dealing with issues like salinity and trading within their areas and to explore those in more detail with them, because there is good work being done on the ground.

CHAIR: We are certainly interested in that. Perhaps you could also give the Committee secretary some suggestions. We were actually thinking of going and inspecting one or two of them.

Ms KNOWLES: We can organise for that to happen, for you to see some of the good work that is happening on the ground.

Mr MIELL: We did ask them for comments prior to coming here, "How would you like us to approach this issue", and we talked to them. So I think we could probably impress on them the opportunity and the value of the opportunity as well.

CHAIR: I have flown over one near Menindee Lakes.

Mr MIELL: Tandou farm.

CHAIR: Yes, I have flown over that enough over the years, but I have never actually had a look at it and I am not sure whether that is the one to have a look at or there are others.

Mr MIELL: It would depend exactly what you want to see. That is a good one.

Ms KNOWLES: The MIA is a very good example of where they are, through their land and water management plans, redeveloping horticultural development, for example, and minimising drainage and implementing best practice on farms and also in the delivery of water to the farm gate. They have got programs that are addressing things like salinity and waterlogging and native vegetation management and all of that sort of thing. That would be a good example for you to see on the ground I think.

(The witnesses withdrew)

(The Committee adjourned at 10.30 a.m.)