

**INQUIRY INTO CONSTITUTION AMENDMENT (WATER
ACCOUNTABILITY AND TRANSPARENCY) BILL 2020
AND THE PROVISIONS OF THE WATER MANAGEMENT
AMENDMENT (TRANSPARENCY OF WATER RIGHTS)
BILL 2020 AND THE WATER MANAGEMENT
AMENDMENT (WATER ALLOCATIONS - DROUGHT
INFORMATION) BILL 2020**

Organisation: Ricegrowers' Association of Australia INC

Date Received: 10 July 2020



NSW Legislative Council's Portfolio Committee No. 4 – Industry

Inquiry into the provisions of the three Water Bills (below)

July 2020

1. THE RICEGROWERS' ASSOCIATION OF AUSTRALIA

The RGA is the collective voice of Australian rice growers, representing around 1200 voluntary members. The RGA's main objective is to provide members with strong and effective representation on issues affecting the viability of their businesses, their communities and their industry.

The RGA is made up of eight branches located across the Riverina rice growing regions of NSW and Victoria. Each branch annually elects representatives to form the RGA Central Executive. The Central Executive represents their respective branches in determining RGA policy and projects.

The RGA is a member of the National Farmers' Federation, National Irrigators' Council and NSW Irrigators' Council.

2. THE AUSTRALIAN RICE INDUSTRY

The Australian rice industry is located predominantly in the Riverina region of south-west NSW, with two small industries also in the Northern Rivers region of north NSW and in Northern Queensland.

The Australian rice industry relies on irrigation, mainly sourced from the Murray and Murrumbidgee river valleys. Provided water is available, the Australian rice industry is considered one of the world's most successful, delivering significant yields while leading the world in water use efficiency.

In a typical year the Australian rice industry produces around 800,000 tonnes of paddy rice with a farm gate value of around \$350 million. About 80 per cent of this product is exported. With value adding, the total industry worth is well over \$1 billion each year.



The rice industry is a significant economic contributor to the Riverina region of NSW. The towns of Griffith, Leeton, Coleambally, Finley, Jerilderie, Deniliquin, Wakool and Moulamein are highly dependent on rice production for their social and economic wellbeing.

Additionally, rice growers have individually invested more than \$2.5 billion in land, water, plant and equipment and collectively invested around \$400 million in mill storage and infrastructure through SunRice. They are also mixed farmers, using their land to run livestock and grow winter crops, generating regional economic activity and jobs year-round.

While the Australian rice industry is very small by world standards, it remains a very competitive supplier of premium rice products into world markets.

3. The Constitution Amendment (Water Accountability and Transparency) Bill 2020 and the Water Management Amendment (Transparency of Water Rights) Bill 2020

The RGA provides the following response to these two Bills:

- The RGA supports politicians being subject to the same disclosure requirements for their water holdings as their other assets.
- The RGA supports the development of a public water trade register that provides timely information on temporary and permanent trade both within valleys and between valleys/zones.
 - It is important that such a register be developed at a Southern Connected System level, not just for the NSW valleys within the Southern Connected System.
 - This information could help inform future water policy decision making and provide water users and the broader public with confidence that the water market is not being manipulated by speculators.
- The RGA does not support the development of a register of water holdings that discloses individual water users' personal details or water holdings. This information is private and confidential, and all things taken into account, the RGA believes that the disclosure of this information would be detrimental to the many small to medium irrigation businesses we represent.
 - Although the RGA would like to consider further the benefits of disclosure requirements for individuals and organisations who hold or trade a substantial volume of water, such as 5% or more of the allocation or entitlement in a given valley/zone.

4. *The Water Management Amendment (Water Allocations - Drought Information) Bill 2020*

The RGA understands that the stated purpose for this Bill is to secure town water supplies during drought. However, the Bill seeks to apply a blanket policy change to water management in every valley in NSW, to address an issue that we understand is specific to one NSW valley. The Bill significantly underestimates the complex nature of water policy and the unique characteristics of each valley.

The NSW Murray and Murrumbidgee valleys are the two most significant valleys for irrigated agriculture in NSW. Based on past advice received from the Department of Environment, Planning and Industry (DEPI), the RGA understands that the proposed legislative change would have no material impact on water availability for town supply in these valleys, but would result in a significant and devastating reduction to water availability for irrigated agriculture every year. The RGA understands that the NSW Irrigators' Council recently asked DEPI for updated modelling of the likely impact for all NSW valleys and that this request was refused by DEPI.

Nevertheless, Critical Human Need water supply (including town water supplies) is secure in these two valleys because following the Millennium Drought the NSW and Basin governments introduced the following key measures:

1. The establishment of a number of drought accounts and associated water management rules which hold water specifically to ensure town water supply during drought. These water reserves are held both in the significant head-storages servicing these valleys, as well as in the Snowy Hydro system; and
2. The development and implementation of the NSW DEPI Extreme Events Policy and Incident Response Guides which is primarily focused on managing water during extreme events *“to secure critical human water needs”*; and
3. The development of rules in the River Murray Agreement that manage the resource of the Murray River in accordance to the level of drought, to ensure the resource is maintained during periods of drought for the purpose of meeting Critical Human Need water supply (Tiered arrangement and Special Accounting provisions).

In addition, the RGA understands that this Bill would result in the following negative impacts for NSW Murray and Murrumbidgee general security water allocations:

1. A permanent reduction to the total water available for allocation on paper;
2. In addition, a greater requirement that water be set aside in reserves, further reducing the water available for allocation; and
3. A delay to the critical timing of allocation announcements.

In summary, the proposed Bill would have the effect of undermining our growers property right in water, and for the NSW economy, this would mean lost irrigated agricultural production worth potentially hundreds of millions of dollars (if not more than a billion dollars).

Our rice growers are currently facing significant pressure resulting from recent water reform, drought and now Covid-19. This Bill presents another significant risk to the resilience and viability of their businesses, industry and communities.

Furthermore, in both the NSW Murray and Murrumbidgee valleys the issue the Bills seeks to address has already been mitigated by past water reform decisions.

For these reasons, the RGA strongly encourages you to recommend that this Bill not proceed, and to ensure the real impacts of legislative change are fully understood before considering future changes to water management in NSW.

5. CONTACTS

Please feel free to contact our office if you wish to discuss this submission further.

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