

Development of Sustainable Diversion Limits for the Murray Darling Basin

Submission from Riverina Citrus, Griffith NSW

18th December 2009

Riverina Citrus :

Riverina Citrus is a grower organisation representing over 400 citrus producers in the Murrumbidgee Irrigation Area (NSW). The major centres are Griffith, Leeton, Hillston and Narrandera.

The Riverina growers produce 28% of the national citrus crop. The Farm Gate value in 2008 was \$280,000,000 (2009 NSW Business Chamber). The NSW Business Chamber attributes 2130 FTE jobs in production and processing of citrus produce in the Riverina. The region's citrus exports were valued at \$46 million by the peak body, Citrus Australia Limited.

In June 2005, the CSIRO published a report by S.Meyer, "The Irrigation Industry in the Murray & Murrumbidgee Basins". The report showed the full value of the citrus products after processing and distribution at \$789,000,000. Meyer also calculated the Multiplier Effect for the citrus industry as 1.6:1 in the MIA.

Response to issues Paper November 2009

Question 4.1

We support current Water Sharing Plan arrangements on a valley by valley basis under State jurisdiction. This also allows Stakeholder input through the Customer Service Committees which has proven to be very successful model for regional consultation. The basic principle of the hierarchy of water rights is fundamental to any future Water Resource Plan as irrigator's property rights have since been established and any alterations to those Rights, would trigger compensation. Our industry has invested heavily on-farm based on the current security any change will have a profound impact on permanent plantings and future investment decisions.

Question 4.2

Riverina Citrus does not agree with the premise that environmental water is not a 'Take' under the SDL. This is counter-intuitive to the general public and in particular irrigators. We believe all Take should defined and managed consistently under the SDL. Environmental extraction should be included as part of the Take and covered by a Water entitlement. There appear to be many and varied allocations dedicated to the environment. Water allocations to industry and the environment ultimately have multiple beneficiaries. Water sent down an irrigation channel will also contribute to environmental services such as sustaining vegetation. The public and users are more likely to

support environmental allocations if they are measured and treated in the same manner as consumptive allocations.

Upper Catchment dams and afforestation is considered a Take and must be addressed within the SDL. Any unauthorised or illegal Take should be addressed immediately. This needs to be actioned prior to the new SDL.

Question 4.2.1

We support the MDBA approach to how interception activities should be treated, however all levels of interception activities must be clearly defined and required to hold a water access Licence. A test for significance could undermine the credibility of the MDB diversion calculations. There would be more confidence if all diversions were measured and treated transparently. Interception activities must include farm dams, groundwater interceptions, forestation and unregulated flow interceptions.

4.3

While supporting in-valley and inter-valley transfers of water and their potential environmental benefits, Riverina Citrus is adamant this should not reduce the allocation to High Security entitlement holders. As noted above, the hierarchy and seasonal allocation of water has been the most efficient means of servicing the environmental, economic and social needs of the Basin.

Any proposed in-valley or inter-valley transfers that has the potential to impact on consumptive users, must be transparent and available for challenge prior to the transfer taking place.

It should also be noted that inter-valley trade for consumption does provide environmental benefits including improved water quality following flushing

Question 4.3.2

Regional communities are accustomed to assurances of mitigation by social and economic study. These studies can manifest themselves as Community Impact Statements or even regulatory instruments such as Regulatory Impact Statements¹. Riverina Citrus cautions the MDBC against excessive reliance on these studies. We strongly urge the MDBA not to be distracted by principles other than of water security and property rights for entitlement holders. These elements will always be the greatest contributor to wealth generation and economic growth. The greatest threat to regional communities is not consequences such as stranded assets or a reduction in water allocation, but barriers to trade including temporary and permanent entitlement trades. Local, state and commonwealth governments and irrigation delivery corporations do not have the skills or capacity to make better decisions than individuals or corporations. Ultimately the most efficient and sustainable investment decisions will be made by entitlement holders, not government or their agencies.

Question 4.4

We support an integrated management approach to surface and groundwater resources and agree that separate SDLs should be considered for each resource. It must be acknowledged that groundwater extraction plays an important role in reducing water tables and also salinity control within the Basin and therefore must be adaptive to allow for wet years.

Both surface water and groundwater SDLs should be applied at the same time.

Question 4.5

We cautiously support the approach and principles of developing surface water SDLs providing we are able to achieve the same outcomes in the existing Water Sharing Plans. These arrangements have achieved balanced water management objectives.

It is critical that the SDL moves with trade water. Where there is a reduction in available consumptive water, permanent plantings will be the first to suffer. If trade water is used for risk management to keep permanent plantings alive, the SDL must not inhibit trade to achieve this outcome.

Summary:

Secure, reliable water allocations since the middle of the 20th century are a key element in the success of the perennial citrus crop and all its associated economic and social benefits. The irrigation industry in the MIA has always been a highly regulated environment, even extending to limits on the size of farms and types of crops grown. Water diversions in this region have always been determined by the NSW Government and have been calculated after considering a range of criteria including the needs of the environment.

While Riverina citrus farmers stand ready to engage in the process of developing new sustainable diversion limits, it must be noted there is a risk of “double taking” from our entitlement holders. These entitlements were determined after allowing for the needs of the river system and have undergone adjustment as the requirements of the environment have been recalculated. It would not be equitable to subject our irrigators to a basin – wide adjustment that does not reflect the adjustments that have already been made. Furthermore, the past and future viability of the citrus industry is heavily reliant on the maintenance of the High Security entitlement category.

In conclusion, Riverina Citrus accepts the need to refine diversion limits following the over allocation of water resource in less regulated valleys. However we feel the most efficient mechanism to achieve this outcome is to remove all political and institutional barriers to water trading (permanent and temporary entitlements). As the Productivity Commission has noted, an efficient water market is the effective means to buy back water for the environment. This strategy should remain the bedrock for adjustments to the Sustainable Diversion Limit now and into the future.

Scot MacDonald

Executive Officer

Riverina Citrus

490 Banna Avenue Griffith NSW 2680

Phone ~~[MATERIAL OMITTED]~~ Email admin@riverinacitrus.com.au

References:

1. Information about Regulatory Impact Statements (RIS) NSW

What is the purpose of a Regulatory Impact Statement?

Regulatory impact statements are normally required when a principal regulation is made, or when a regulation is to be remade under the staged repeal program. They are an effective means of raising public involvement in the regulation-making process, as they provide members of the community with the opportunity to comment on regulations, before they become law. The primary purpose of regulatory impact statements is to ensure that the economic and social costs and benefits of regulatory proposals are examined fully so that Ministers proposing the regulations and members of the community can be satisfied that the benefits of the regulations exceed the costs