



RICEGROWERS' ASSOCIATION  
OF AUSTRALIA INC

**Submission on the draft report:  
Independent assessment of social  
and economic conditions in the Basin**

*March 2020*

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## 1. INTRODUCTION

The Ricegrowers' Association of Australia (RGA) welcomes the opportunity to provide our submission on the draft report of the independent assessment of social and economic conditions in the Basin.

We hope that the Panel can stress to both the government and the opposition that this should just not be another Report where the recommendations are yet again ignored. We understand that there are a number of key inquiries being undertaken at the moment and agree that where the recommendations from these inquiries align, creates greater evidence in support of change. However, it is important that the Panel pursue the recommendations in this report regardless of the outcomes of those other inquiries. We welcome the fact that this report draws in part on the Productivity Commission's five-year review of the Basin Plan and that it makes similar recommendations in some key areas relating to the remaining aspects of implementation.

The RGA is generally in support of the content and recommendations of the Panel's draft report. However, we consider there are a few gaps and some areas that require to be strengthened. We also recognise that some communities may have had expected the report to go further than the terms of reference. The RGA remains strongly opposed to any further buyback of water but do acknowledge that it was made very clear at the outset that the Panel was not reviewing the Basin Plan.

The RGA has consistently advocated to move away from flow targets suggesting alternative solutions to achieve environmental outcomes.

## 2. THE RICEGROWERS' ASSOCIATION OF AUSTRALIA

The RGA is the collective voice of rice growers in Australia. The RGA represents the interests of 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.

## 3. THE AUSTRALIAN RICE INDUSTRY

The Australian rice industry is located predominantly within the Riverina region of south-west NSW, with two small industries also situated 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. It can be further argued that the full economic potential of the Australian rice industry has not yet been realised with rice being excluded from three recent free trade agreements: Japan, China and North Korea. These markets represent significant potential for the Australian rice.

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.

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

#### 4. The RGA's Submission

We trust that this is not just another report where the recommendations are not considered by the government. We encourage the Panel to collaborate and coordinate with the other reviews (*WESA, ACCC and Interim Inspector General*) currently being conducted to ensure alignment of recommendations where possible. We also urge the Panel to reference the many reports and reviews already conducted to pick up on any recommendations that have already been made regarding the Basin Plan and its agencies, in line with the terms of reference. Nevertheless, we strongly ask the Panel to pursue its recommendations regardless of the outcomes of those other inquiries and previous reports.

**The RGA Considered the following questions when preparing its submission:**

- 1. *To what extent do you agree or disagree with the Panel's key findings and recommendations, and why? Please provide as much detail as possible.***
- 2. *Are there any significant gaps? What are we missing?***
- 3. *If implemented, do you think our recommendations would make a difference or have a benefit to you and/or your community?***

## 5. Bring communities back to the heart of conversations and actions that decide their future

This section encompasses the following categories:

- Governments must rebuild community trust in water reform, and lead from the front
- Current funding is not enough to support community led transitions for Basin communities impacted by water reform
- Socioeconomic neutrality criteria should be accompanied by a process to provide flexibility for communities to move to less water dependent futures where communities request this

Relevant recommendations are:

- Find better and more effective ways to engage with rural and regional communities. Engagement should empower communities and keep government accountable, as well as making the case for reform (Draft recommendation 1).
- Commit to providing greater clarity and certainty around long term policy and drive greater accountability and improved delivery of outcomes to build trust and ensure more people share in the benefits of Basin water reforms (Draft recommendation 1).
- Ensure local leadership capacity and government are part of the solution so that policies are tailored to community needs (Draft recommendation 1).
- Basin Governments should invest in the ongoing development of effective water markets and improving the water literacy of participants and users of basin assets. (Draft recommendation 1).
- Extend the Murray–Darling Basin Economic Development Program beyond its 2023 completion date and increase its scale. The program should be extended to 2030, then reviewed. This extension will empower communities to make longer term investments in their future (Draft recommendation 3).
- Recognise that the benefits of the full suite of water reforms have been uneven, and ensure future dividends are shared more evenly. The Australian Government should refocus future investment in the Murray–Darling Basin Economic Development Program into vulnerable and disadvantaged communities most negatively impacted by Basin water reforms (Draft recommendation 4).
- Allow flexibility for the socioeconomic neutrality test to be supplemented by a process that empowers communities wishing to move to a less water dependent future with options to explore that future. (Draft recommendation 5).

### The RGA's response:

- The RGA generally supports the recommendations above, and makes the following comments:
  - o Recommendation 1 (point 1 and 3) – One of the best ways that government can better engage with rural and regional communities, and tailor policies to community needs is to have key government staff members living and working in these communities. We note that the MDBA has in recent times relocated staff to Basin communities and recommend that both the federal and NSW Water departments consider doing the same. The RGA has previously sought that Regional Managers be

established as conduits to these departments (as was previously the case with the NSW Office of Water).

- Recommendations 1 (point 2) - Providing greater certainty around long term policy should not necessarily mean rigid/inflexible policy that is not able to adapt to changes in circumstances. This is one of the key failings of the Murray Darling Basin Plan in particular its ability to be flexible and adaptive as was supposedly intended.
- Recommendation 1 (point 4) – As part of its strategy to improve the water literacy of participants and users of basin assets, the Government should seek to work with the established organisations with direct links to water users, such as the RGA. Rather than trying to achieve this objective on its own.
- Recommendation 3 and 4 – The RGA supports both the extension and the expansion of the Murray–Darling Basin Economic Development Program. However, the RGA notes that the current program focuses on individual initiatives/projects/enterprise as opposed to community-led initiatives/projects/enterprise. The latter is much more difficult to initiate and administer, generally because those that lead the project are not the direct beneficiaries. However, these types of projects can have wider-ranging community benefit (for example, the Land and Water Management Programs and the Coleambally Community Research Farm).
- With reference to those communities identified as vulnerable/disadvantaged, finding the resources necessary (both human and financial) to develop such a project is extremely difficult. Therefore, the RGA recommends that the Murray–Darling Basin Economic Development Program be redesigned to enable suitable resources to be made available to these communities to facilitate them to develop their own community-based initiatives/projects/enterprises.
- Recommendation 5 – While the RGA broadly supports this recommendation, it is important that such a process be rigorous enough to identify and mitigate any likely third-party impacts. The RGA is concerned that this recommendation may imply the watering down the neutrality test, which we do not support.

## 6. Meet the pressing needs of First Nations

This section encompasses the following categories:

- More needs to be done to improve social, cultural and economic outcomes for First Nations communities

Relevant recommendations are:

- Do more to increase First Nations communities' access to water for cultural and economic purposes (Draft recommendation 9).
- Fund First Nations groups to work with experts in valuing ecosystem services at culturally significant sites (including, but not limited to, the 17 Ramsar sites in the Basin). (Draft recommendation 10).
- Work to better embed and mainstream First Nations participation in water policy and planning at all levels over the long term (Draft recommendation 11).

### The RGA's responses:

- The RGA agrees with recommendation 9, although notes that access for economic purposes should not impact on the property rights of other water users. In other words, the government should either purchase water entitlements for cultural purposes, or otherwise make available a parcel of the environmental water for cultural purposes.

## 7. Implement water reform with greater care so potential harms are minimised

This section encompasses the following categories:

- From this point on, governments should match the pace of all further water recovery to the capacity of systems and communities to absorb and adjust change
- Basin communities need greater clarity around river operations
- The quality, timeliness and awareness of indicators related to wellbeing and the environment need to be better
- Research and innovation need more focus on helping farm businesses transition to flexible farming systems
- Moving towards more sustainable irrigation infrastructure

Relevant recommendations are:

- Time further water recovery to match the capacity to deliver water to where needed to achieve enhanced environmental, social and working river outcomes. This approach means slowing further recovery in the Basin, and accelerating efforts to relax delivery constraints (Draft recommendation 2).
- Continue addressing deliverability constraints as a priority, reflecting community concerns (Draft recommendation 6).
- Fund coordinated efforts to monitor and evaluate environmental benefits, and research to improve the efficiency and effectiveness of environmental watering (Draft recommendation 14).
- Increase research and innovation funding and focus on the diversification of farm systems across industries, translating research and innovation knowledge into on-ground application (Draft recommendation 15).
- Consider using community service obligations to make transparent the future obligations of government, water users and utilities to provide and maintain water infrastructure (Draft recommendation 18).

### The RGA's responses:

- Draft recommendation 2 and 6 – The RGA supports these recommendations although notes that it is important that government recognise and clearly communicate to the community that it is not possible to deliver the constraints program as initially intended. The sooner this

occurs, the sooner the community will begin to develop trust again to enable the program to move forward.

- The RGA also considers that the report needs to make a clearer distinction between constraints relaxation and deliverability. Constraints relaxation for e-water outcomes and deliverability congestion need to be addressed separately.
- Draft recommendation 15 – the RGA agrees with the need for increased investment in irrigation research, development and extension. However, believes that while diverse farm systems are incredibly important. Funding should be directed at developing the capacity of existing industries (who have established supply chains that are incredibly important to the local economies) to become more water efficient, as well as funding for new and emerging industries.
- The RGA notes the recommendation regarding the Community Service Obligations, and the need to manage the ongoing cost of maintaining the water delivery systems, especially with respect to the Irrigation Infrastructure Operators. However, the RGA does not support the government interfering with the operations of the IIO's.
- The RGA is concerned that the report is silent on the Sustainable Diversion Limit Adjustment Mechanism (SDLAM) and its importance. In line with recommendations in the Productivity Commission Report, timeframes need to be extended to get it right and allow more flexibility.
- The RGA refers to the commentary regarding water recovery on pages 49 – 64 of the Report, and notes the following:
  - o the RGA supported the previous On-farm Irrigation Efficiency Program and the Private Irrigation Infrastructure Operators Program as these Programs were seen as a better alternative to direct buybacks at the time.
  - o The RGA does not support further water recovery through Efficiency Measures for the purpose of the 450 GL. The RGA feels that this further recovery will undermine many of our communities who are already facing acute social and economic issues.
  - o The RGA feels that The Enhanced Environmental Outcomes can be achieved through more effective use of the existing environmental water portfolio.
  - o The RGA is also concerned that this section of the report appears to imply that water efficiency as a principle is not a good idea. The RGA is of the view that there needs to be a distinction made between Efficiency Programs associated with water recovery compared to other water efficiency measures/investments.

## 8. Support the capacity of communities to adapt to change

This section encompasses the following categories:

- Basin communities need greater clarity around river operations
- The quality, timeliness and awareness of indicators related to wellbeing and the environment need to be better
- The Australia Government needs to further invest in regional connectivity in the

Basin Relevant recommendations are:

- Improve water security planning and investment for Basin towns and cities (Draft recommendation 7).
- Develop Australian Government regional pilot programs for alternative urban water supply sources, including indirect potable reuse (Draft recommendation 8)

- Agree a framework to develop better indicators of community wellbeing in the Basin (Draft recommendation 12).
- Fund a program for First Nations groups to build a baseline and track social and economic conditions and outcomes from water reform (Draft recommendation 13).
- Create a baseline to track environmental outcomes from water reform and how these outcomes impact Basin communities' social and economic wellbeing (Draft recommendation 14).
- Governments should consider developing a Basin-specific infrastructure fund, with a focus on digital connectivity (Draft recommendation 17).

### The RGA's responses:

- The RGA supports the above recommendations, however, would like to see the following points included as recommendations:
  - In addition to monitoring environmental and social measures, there needs to be clarity and regular reporting around economic measures for the Basin. The RGA believes that an important economic indicator is the reliability of the various categories of entitlement in each valley.
  - A recommendation should be to provide water users with greater clarity, and to develop a framework for greater accountability of Government, regarding:
    - River Operations; and
    - The allocation framework.

## 9. Address critical and urgent gaps in wellbeing, infrastructure and services

This section encompasses the following categories:

- The Australian Government needs to further invest in regional connectivity in the Basin
- Basin regions and towns facing acute social and economic issues needs immediate support

Relevant recommendations are:

- Address gaps in government service and infrastructure provision for outer regional and remote Basin communities (Draft recommendation 16).
- Direct resources to attract and retain frontline service providers that specialise in addressing household distress, mental health issues, and financial hardship, in Basin regions and towns experiencing acute social or economic issues (Draft recommendation 19).
- Governments need to work with communities in the Basin with acute social and economic issues to develop action and outcome plans that will address these issues over the next three years. Such plans should build on any existing plans and be driven by local communities that are provided with additional skills and expertise to help them develop long term (say, two to three decades) and short term (up to 10 years) tailored plans (Draft recommendation 20).

## The RGA's responses:

- The RGA supports the above recommendations but considers that there needs to be better appreciation and acknowledgement of existing infrastructure, particularly such as the world class irrigation infrastructure of the IIO's in the rice growing footprint of the NSW Riverina and Murray regions. The RGA also considers that any policy or new infrastructure should not undermine this, but rather be complementary in all cases.
- The RGA also urges the panel to consider the benefits of existing well-established industries and the associated infrastructure and value-added production within the communities. They already have the capacity to play a significant role to meet gaps within their communities.

## 10. CONCLUSION

The RGA thanks the Panel for the opportunity to provide a submission on the draft report: Independent assessment of social and economic conditions in the Basin.

The Honorable Keith Pitt MP recently stated that the time for reports is now over and it's time for action. The RGA supports this view and would urge the Panel to encourage the implementation of recommendations of this report once completed. We have long advocated for workable solutions to several of the issues raised in the draft report and our industry and associated communities have '*report and submission fatigue*' and are desperate to see results from these efforts.

We encourage the Panel to collaborate and coordinate with the other Basin Plan inquiries currently being conducted to ensure alignment of recommendations where possible. We also urge the Panel to reference the many reports and reviews already conducted to strengthen recommendations that have already been made relating to the terms of reference of the Panel and concerns raised by the many submitters.

## 11. CONTACTS

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