



**NSWIC**  
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IRRIGATORS'  
COUNCIL

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# **Submission**

## **2017/18 Pre-Federal Budget**

### **170119**

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## **Introduction**

The NSW Irrigators' Council represents irrigators and the irrigation industry. The Council has 25 member organisations, including valley water user associations, food and fibre producers, irrigation corporations and commodity groups from the rice, cotton, dairy and horticultural industries.

This submission represents the views of the members of NSWIC. However, each member reserves the right to independent policy on issues that directly relate to their areas of operation, or expertise, or any other issues that they may deem relevant.

## **Budget Action Priorities**

The NSW Irrigators' Council Pre-Budget Submission outlines the NSW irrigated agriculture sector's expectations and recommended priority actions for the Turnbull Government's incorporation into the 2017-18 Federal Budget – as the key measures required to ensure a viable, productive, and sustainable irrigation industry. This submission is in addition to the broader recommendations of the National Farmers Federation Pre-Budget Submission, which NSWIC supports. NSWIC raises the following additional matters for the Government's consideration in its setting of the 2017 -18 Federal Budget :

### **National Water Reform**

- Departmental funding and staffing levels
- Murray-Darling Basin Plan project funding
- National Partnership Agreement Funding

### **Energy Markets**

- Access to affordable and reliable electricity for irrigators.
- Regulatory and governance reform of the electricity market.
- Research and Development funding for innovative energy solutions.

## National Water Reform

The Federal Government must provide an on-going financial commitment to the national water reform process beyond the four-year forward estimates to recognise the long-run nature of water planning and investment in private and public rural water and irrigation infrastructure.

Future funding commitments for the national water reform process must be sufficiently flexible to ensure that Australia can move from the 'planning' phase to the 'implementation' and 'management' phases of water reform; recognising that different Federal Government Departments and agencies will require different funding amounts, depending on their future work programs.

### Commonwealth Environmental Water Holder and Office

- **Recommendation 1:** NSW Irrigators' Council (NSWIC) recommends that funding for the Commonwealth Environmental Water Holder and his office (CEWO) should be increased to fully cover the cost of its program activities; given the vital role they will play in the ongoing monitoring and management of the Commonwealth's very significant environmental water portfolio.
- **Recommendation 2:** NSWIC recommends that the Federal Government commit ongoing funding for the storage and deployment of the Commonwealth's environmental water portfolio, including all fees and charges levied on water licences held by the Commonwealth Environmental Water Holder.

### Murray Darling Basin Authority

- **Recommendation 3:** In contrast, NSWIC recommends that funding for the Murray-Darling Basin Authority (MDBA) should be reduced; acknowledging that its role as the drafter of the Murray-Darling Basin Plan has diminished, and its required resources will continue to reduce as the Authority moves from the role of planner and implementer to one of regulator after the finalisation of the Basin Plan components from 2019.
- **Recommendation 4:** NSWIC recommends that the Government commit to on-going funding for capital works associated with the MDBA River Murray Operations.

## Murray Darling Basin Plan

- **Recommendation 5:** NSWIC recommends that following from the recommendations of the MDBA after its recently completed Northern Basin Review, the Government provide adequate funding for robust planning and implementation of infrastructure projects and non-flow complementary measures that achieve more effective environmental outcomes, and to also manage the Federal Government's already recovered water under the Murray-Darling Basin Plan as efficiently as possible.
- **Recommendation 6:** NSWIC recommends that the Government provide adequate funding to address the social and economic impacts of previous Federal Government water recovery under the Murray-Darling Basin Plan, in the first instance in the Northern Basin. It is also recommended that after the MDBA review of the social and economic impacts of previous water recovery in the Southern Basin, this funding support be extended to Southern Basin communities as well.
- **Recommendation 7:** NSWIC recommends that the Federal Government commit to fund - in full - the Sustainable Diversion Adjustment Mechanism, including all flow related supply measures and non-flow complementary measures currently being developed.
- **Recommendation 8:** In this context, NSWIC also recommends that the Government enable funding allocated against the 450GL 'up-water' (Environmental Special Account) to be repurposed if 1) negative social and economic impacts of any 'up-water' recovery cannot be mitigated and 2) more efficient environmental outcomes can be achieved through alternative means.

## National Partnership Agreement

- **Recommendation 9:** NSWIC recommends that the Government commit ongoing funding under the National Partnership Agreement as per its 2016 Federal Budget, and that in particular the Government ensure that sufficient resources are made available to the Productivity Commission to undertake its newly acquired Basin Plan audit functions under the Water Act 2007 (Cth).

## Energy Policy

NSWIC adds its voice to the many industry, business and community organisations raising their deep concerns over the rapidly rising costs of energy and calling for urgent reform of the framework under which the pricing of energy is regulated and of the National Electricity Market (NEM), in particular. The Turnbull Government must urgently address the 'energy trilemma' of the simultaneous (and conflicting) commitments to providing a high level of power security, universal access to affordable energy services, and reduced emissions. In this context, NSWIC submits that it is paramount that the Federal Government – through the COAG Energy Council – also prioritise the access to affordable energy for the irrigation sector as a vital component of Australian agriculture and a heavy seasonal consumer of electricity.

NSWIC also submits that the Turnbull Government must – through the COAG Energy Council – address the central issue of 'spare capacity' in the NEM which continues to drive unsustainable electricity cost increases. Further, NSWIC contends that the introduction of cost reflective tariffs (i.e. demand tariffs) has undermined the viability of the irrigation sector and other agricultural sectors and must be removed.

The NEM needs urgent reform:

- To ensure it is agile and flexible to address the rapid transformation to greater intermittent energy generation and other related technologies (including energy storage).
- To ensure it is transparent for consumers and industries and enables greater consumer participation.
- To ensure that adequate incentives are provided for an effective and efficient energy market transition away from coal fired generation.

In this context, it is necessary to urgently assess the appropriateness of the vertically integrated NEM and the current conflicts of interest of the distribution network services providers that arise from their monopoly status and State Government ownership. NSWIC strongly contends that the Turnbull Government must now take a stronger lead in enabling energy regulation and market reform:

- **Recommendation 10:** NSWIC recommends that adequate funding be made available by the Government for research and development of innovative energy solutions to reduce energy consumption costs.

- **Recommendation 11:** NSWIC recommends that the Government ensures sufficient funding is provided to ensure the integration of new technologies (including intermittent renewable energy) is well coordinated and managed, including a review of when 'off-grid' solutions may be optimal for some 'end of grid' customers to allow for appropriate shrinking of the grid and reduction of costs for all power consumers.
- **Recommendation 12:** NSWIC recommends that the Government expand the Energy Consumers Australia (ECA) mandate to advocate on behalf of regional communities and agriculture (recognising their particular vulnerability to energy cost increases), and provide additional funding support for this extension of ECA's scope.
- **Recommendation 13:** NSWIC recommends that the Government provide funding support for better integration of climate and energy market policies through adopting a revised national energy management structure to avoid the favouring of some forms of energy generation over others under the Renewable Energy Target provisions - thereby providing greater incentives for alternative energy management or technologies that might assist in stabilising the NEM.