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## **Position Paper**

# ***NSW State Priority Project for Metering***

# **110913**

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## Introduction

NSW Irrigators Council is the peak body representing Water Access Entitlement holders across the State. In existence for 27 years, the Council is comprised of regional representative groups (coastal and inland), commodity groups, infrastructure operators and state wide representative groups.

Council engages in advocacy, policy development, public and media relations. As an apolitical entity, we are available for the provision of advice to all stakeholders and decision makers at all times.

## Policy Positions

At a meeting in July of 2011, Council passed the following motion;

*That NSW Irrigators Council reject the NSW Sustaining the Basin Program Metering Project in its current form as outlined in the publicly available business case, because of:*

- *Lack of consultation with water users ;*
- *Inequitable sharing of cost and benefits across users and systems; and*
- *No ground truthing of information underlying key assumptions;*

*and we seek to urgently work with the NSW Government to resolve our issues with the business case.*

Council subsequently considered and adopted the following motion;

*That NSW Irrigators Council request that the NSW Government work with industry to develop an agreed implementation plan to ensure that water users in NSW meet the National Metering Standards. The plan should seek to develop an appropriate funding model for implementation of the standard by giving consideration on a valley-by-valley basis to:*

- *who should own and maintain meters;*
- *what meter installations and upgrades will be necessary to meet the new standard;*
- *opportunities for value-adding e.g. telemetry and CARM;*
- *estimates of the likely cost of necessary installations and upgrades, and any value-adds;*
- *robust modeling of any “savings” that might be achieved and the potential beneficiaries of these savings;*
- *identification of any third party impacts, and methods of mitigation; and*
- *potential funding sources, e.g. state and commonwealth grant programs, State Water Corp, water users, sale of any water “savings” (where they are demonstrated to exist), irrigator direct funding, T-Corp, individual entitlement return, etc.*

This Position Paper addresses the NSW State Priority Project for Metering<sup>1</sup> and offers an alternative path for directing the funds available.

A separate Position Paper addresses future requirements for metering and how they might be met.

## **The Role of State Priority Projects**

State Priority Projects were determined as part of an Inter-Governmental Agreement on 3 July 2008<sup>2</sup>. Funds for the Projects were to be provided by the Commonwealth as part of the Sustainable Rural Water Use and Infrastructure Fund. Individual agreements in respect of individual Projects were negotiated with the States. The Agreement between NSW and the Commonwealth was executed on 11 January 2010.

The preamble to the bilateral agreement refers to implementation of the *Water Act* (which drives the Basin Plan regulation) and the “need to undertake water reforms in the Murray-Darling Basin to deliver a sustainable cap on surface water and groundwater diversions.”<sup>3</sup> NSWIC was of the opinion at the time that these State Priority Projects were designed to acquire water entitlements for environmental diversion in a manner not requiring market intervention.

In short, we considered that these were to be infrastructure projects to assist in meeting Basin Plan-determined Sustainable Diversion Limits in the most efficient and effective manner possible.

We remain of that opinion.

We believe that the State Priority Project for metering does not best align NSW with that objective.

## **The Geographic Focus of Sustainable Diversion Limits**

The Guide to the Draft of the Proposed Murray-Darling Basin Plan identified Basin-wide cuts from Queensland through to South Australia. NSWIC believes that it was in lights of that dispersal that the State Priority Projects were determined. The Metering Project is largely concentrated in northern NSW and in groundwater access areas state wide.

Subsequent to the effective withdrawal of the Guide, MDBA Chairman Craig Knowles has overseen a process that primarily targets the southern connected system, primarily the Murrumbidgee, Murray and Goulburn Rivers with a lower (but still not insignificant) volume to be acquired in northern NSW systems. Further,

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<sup>1</sup> Where “State Priority Project for Metering” appears throughout this document, the term refers to the Business Case as publicly available. It does not imply metering programs generally.

<sup>2</sup> <http://www.environment.gov.au/water/policy-programs/srwui/state-priority-projects/index.html>

<sup>3</sup> <http://www.environment.gov.au/water/publications/action/agreements/nsw-bilateral-agreement.html>

proposals within the Guide to acquire groundwater entitlements have been largely removed since its effective withdrawal.

In our opinion, aligning the focus of State Priority Projects with the focus of Sustainable Diversion limits is quite clearly sensible policy. Acquiring too much water from northern NSW Rivers, and from groundwater sources across the State that are not required to meet Sustainable Diversion Limit targets makes little to no sense.

We note that NSW also has a State Priority Project for On Farm investment in infrastructure which has been piloted in two northern Rivers. We support the continuance of that program as an effective means by which to acquire water to approach SDLs in these areas.

Significant funds were made available by the Commonwealth to approach Sustainable Diversion Limits through infrastructure investment. NSWIC has maintained throughout the Murray-Darling Basin reform process that infrastructure investment remains the preferred acquisition method as it minimises external impacts of recovery. It is anathema to good policy, best practice and sensible management to direct limited funds to programs that are simply not aligned with outcomes sought, such as the Metering Project.

Aside from the manifest flaws of the business case for the State Priority Program for Metering, its failure to align with broader policy aims means it must be rejected altogether.

### **Conclusion – Redirect State Priority Program Funds**

Integrated infrastructure programs in southern NSW have been successful to the extent of oversubscription on each approach to market to date. Both the On Farm Program and the Private Irrigation Infrastructure Operators Program have met with significant success and have the potential to do much more.

NSWIC notes that under both such programs the installation of metering compliant with National Standards is required.

We believe that a wider rollout of the State Priority Project for On Farm Infrastructure will meet with similar success.

In conclusion, it is clearly the case that the State Priority Program for Metering is inherently flawed and does not deliver what its overarching policy aim is. Moreover, the two programs operating in the southern NSW section of the Basin have delivered results and have capacity to continue to do so.

It is the position of NSWIC that the State Priority Program for Metering should be scrapped and that the funds allotted to it should be redirected forthwith to successful programs whose acquisition aligns with SDLs.

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