



13 April 2021

The Hon. Melinda Pavey, MP
NSW Minister for Water

Mr Jim Bentley
Chief Executive Officer, Water (Deputy Secretary)

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Dear Minister Pavey and Mr Bentley

Barmah Millewa Environmental Water Allowance (BMEWA) Payback Trigger 2021/22

The most recent NSW Murray 1 April 2021 water allocation statement provides that:

“Flows downstream of Yarrawonga Weir for the past four years have been low. In accordance with the BMEWA rules, following four years of low flows, borrowing of the BMEWA in the fifth year is not automatically triggered. Instead NSW must ‘consider, consult and justify’ before borrowing water in the fifth year. This process is underway and further advice will be provided as it comes to hand. Until then, as a precaution, water users should expect that a healthy share of resource improvement between now and October will accrue to the BMEWA pay-back to facilitate a forest watering in October.”

This situation is unprecedented and came as a complete surprise to industry. It was first brought to the attention of the public in the 15 March NSW Murray Water Allocation Statement.

In accordance with the Water Sharing Plan, in all other years the NSW Government has borrowed the Barmah Millewa Environmental Water Allowance (BMEWA) to underpin water availability in the NSW Murray up to 30% general security water allocations. This ‘borrow’ is then repaid to the environment when general security water allocations reach 30%.

To date, the only exception has been the current season whereby the repayment trigger was increased to 50% as NSW Murray irrigators had faced ‘exceptional [dry] circumstances’ in the prior two years. Total end-of-year NSW Murray general security water allocations for these years were 0% and 3% respectively.

The current BMEWA borrow is 344 gigalitres, of which 40 GL has been repaid to date.

This means that subject to the decision of DEPI Water, if circumstances do not turn exceptionally wet between now and the end of this current season, there is a real risk that up to 304 gigalitres of water will need to be ‘repaid’ to the environment before any NSW Murray water users will receive a 2021/22 season water allocation.

As indicated in the extract above, if the NSW Government chooses to vary the payback trigger then the NSW Murray general security water allocations for the coming season will likely remain at or close to 0% until at the very least October.

For the rice industry, October is considered the final decision point for rice planting. Hence if no or very little water is allocated by this date then total rice production in the NSW Murray will be extremely limited. As you are aware, the rice industry has in recent years faced record low production. Furthermore, the NSW Murray accounts for on average around 50% of Australia's rice production. Hence, such a decision would likely have a significant impact on the ongoing viability of Australian rice processing and the hundreds of local jobs supported by this industry, many of which have only been recently reinstated. The impacts will also be felt right across the NSW Murray region by growers, other irrigators, industries and communities.

For NSW Murray growers, this is the first year of recovery following drought with currently a 50% allocation (although still below average) and reasonable improvements to storage levels. Growers are optimistic about the coming season and for months now have been making water market and carry-over decisions accordingly. These decisions are collectively worth tens of millions of dollars' (if not more), and the vast majority are relying on a 30% or 50% payback trigger when making these decisions.

The RGA has long argued that growers need both certainty and clear and timely information with respect to water availability. The communication of this rule has been completely at odds with those needs. This rule has the potential to have a very real impact on water planning and decision making, and on the water market. Yet despite this, the information has only been published twice in the two most recent allocation statements. As a result most growers are still unaware that this rule even exists. We therefore argue that this communication is simply too late and not sufficient.

Consequently, any decision by the NSW government to vary the payback trigger from the status quo will only lead to much heartache and anger. Such a decision will undermine the water planning and market decisions and investments made to date, and will further erode confidence in the NSW water allocation system and the long-term security of the NSW Murray irrigation sector.

For these reasons, we strongly encourage the NSW Government to maintain the BMEWA payback trigger at either 50% or 30% in the 2021/22 season, and to urgently and publicly communicate this decision.

The RGA welcomes the opportunity to discuss this matter further. Included below are my contact details, or alternatively please contact Rachel Kelly, RGA Policy Manager, on T. 0437 767 289 or E. rkelly@rga.org.au.

Yours sincerely



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