

## **Inquiry into Public Good Conservation**

Macquarie River Food and Fibre is an organization which represents over 600 irrigators in the Macquarie Valley. We focus on being proactive in how we approach issues which affect the sustainability of irrigation and the resource base which we rely on, being our land and water. This focus carries through to our work in providing input into political processes such as inquiries, legislation review and briefing Ministers so as they can be fully informed of the consequences of changes in policy on our stakeholder group.

We welcome the opportunity to contribute to this inquiry and commend the foresight of the House Environment Committee in recognising the significance of costs of public good conservation and in undertaking the inquiry. We also note the opportune timing of this inquiry to have direct input into the NSW State Government's draft legislation on water reform through its ability to provide clarity on the issue of "who pays" with respect to water allocated to environmental flows out of irrigation allocations in the future.

This submission documents the following:

- our registration of interest and request to be invited to have an ongoing and direct involvement with the inquiry;
- the availability and willingness our organization to provide actual irrigated farm financial and economic cost data if it is required as a further component of the inquiry; and
- Relevance of particular public good conservation measures within the Macquarie Valley.

Two issues have been briefly discussed below as relevant public good issues for Macquarie River Food & Fibre.

### ***Maintenance of Environmental Flows and Wetlands***

The issue of "who pays" with respect to future environmental flow allocations will be drawn to a head in the up-coming months as the definition of property rights on water is debated. For us it is very simple, no matter which angle you examine the issue from. Two of the numerous justifications for why there has to be a secure and compensable property right for water are following:

- In terms of equity, environmental flow clearly has diffuse, public benefit characteristics and assuming that any water allocated to environmental flows in the future comes from irrigator entitlements, the only way to achieve equity and share the cost of provision of this public good across the community is for the public to pay the irrigator for the water;
- In terms of establishing a tradeable market for water (which is a requirement of COAG), the environment or government needs to pay for water it requires in order for that market to function without failure.

The history of water reform in the Macquarie Valley dates back to over 10 years ago. There has been positive outcomes of water reform in the valley, with shifts to higher valley irrigated agriculture and the assurance of the security of the Macquarie Marshes Wetlands into the future. These reforms came at a direct cost to irrigators in the form of water allocation reductions.

*(insert Dan Berry's summary of the positives of water reform in the valley)*

### ***Planting to Ameliorate and limit the spread of Dryland Salinity***

An example of our pro-activity and willingness to pay when we may be deriving benefit from other individuals' efforts to improve natural resource health, is the salinity control credits pilot we are conducting in partnership with NSW State Forests and upper catchment landholders.

The impetus for this pilot comes from the recognition that upstream farmers can reduce the levels of dryland and stream salinity by taking land out of existing productive use in recharge areas and plant trees, deep rooted perennials or some other form of high moisture use vegetation. We recognise a benefit to downstream irrigators if the quality of the water they irrigate onto their paddocks has lower salt loads. We also recognise that planting trees upstream may require taking land out of a more valuable use in terms of accessible returns for upstream farmers. Farmers are unlikely to take productive farming land in recharge areas out of its current use and plant trees for salinity reduction unless competitive financial incentives are offered.

We limit our submission to discussion of environmental flows and salinity as these are two of the currently topical public good debates relevant to our members.

Thankyou again for the opportunity to contribute to this inquiry and we look forward to being involved in the process of public hearings and further analysis of public good conservation.

Yours sincerely,  
**Macquarie River Food and Fibre**

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