Registered Office Level 13 350 Collins Street Melbourne, Victoria 3000 Australia

Telephone (03) 9091 6900 Facsimile (03) 9091 6933





25 May 2016

Mr Ashley Albury Director - Western Region Department of Planning & Environment PO Box 58 DUBBO NSW 2830

Email: westernregion@planning.nsw.gov.au

Dear Mr Albury,

Re: Droughtmaster Project & the Draft 2016 Riverina-Murray Regional Plan

Thank you for the opportunity to comment on the Draft 2016 Riverina-Murray Regional Plan. We shall attend the meeting at West Wyalong on the 8th of June next at the invitation of Bland Shire Council and have provided this correspondence, together with the attached sections, as a basis for what we might hope to discuss in the meeting.

Plains Water is a water infrastructure developer undertaking the Droughtmaster project to build new water infrastructure across the northern Riverina. The project is undertaken with major industry partners capable of delivering the project.

The Droughtmaster is a transformative project being developed to provide high-value permanent and secure water to meet increasing demand for water security from rural properties, towns, agribusiness, industry and other markets in the northern Riverina region of New South Wales that otherwise do not have a permanent secure supply of water.

The Droughtmaster project brings private sector innovation, competition, skills and funding to a sector government has previously been required to fund on its own.

We are very pleased to have the opportunity to comment on the Draft Riverina-Murray Regional Plan and we would like to say that it is an excellent progression from previous planning initiatives.

We would be very pleased to have the Droughtmaster project noted in the final version of the Plan as a project of National Significance and in the National Interest, and we have set out in the attachments to this letter our view of the operating environment, the need for new water infrastructure and our suggestions of how the plan can be modified to include the provision of private sector innovation, competition and capital in the sector where it is truly needed.

We have set out in Section 3 of the attached material the impact of deficient water infrastructure across the project area measured in GVA terms. In Section 4 of the attached material we have provided a comprehensive analysis of how the Droughtmaster project meets all other policy settings objectives and goals of State and Federal Government.

We work closely with several local governments in the area and we would be happy to provide you with any further information you may require, including the imprimatur of those local government and the engaged stakeholder groups noted below.

Again we thank you for the opportunity to make this submission.

Yours sincerely,

msjones

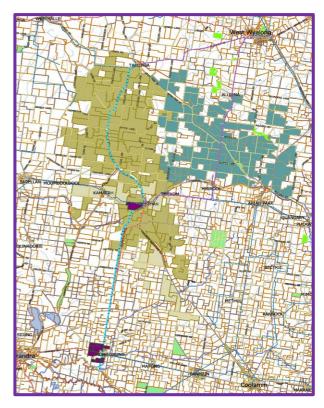
Michael Jones Managing Director Plains Water Ltd

CC Ray Smith General Manager Bland Shire Council

Section 1 - The Operating Environment

In the context of developing the Droughtmaster project, Plains Water deals with almost every stakeholder group, including mining companies, aboriginal land councils, farmers, landfill proponents, property developers, including social housing developers, new horticultural developers, financiers, local government, indeed government at every level, as well as progress associations and all other community groups.

We have a highly developed understanding of the environment we operate in, being the environment the Draft Riverina-Murray Regional Plan seeks to provide a new strategic planning framework for.



In terms of water infrastructure, the Draft Plan only mentions the existing environment in a few paragraphs where the impression is the existing infrastructure is adequate for the next 20 years.

The reality is quite different. Other than in the irrigation estates, there has been no new water infrastructure of the scale proposed by the Droughtmaster project in the northern Riverina since 1989. Before that it was the 1970s when new networks were established and before that during the Second World War.

The networks are all old, mostly made of asbestos, and in terms of the scope of their reach to properties that need water security to lower climate risk, the reach is to less than 15%. The map set out above shows all of the properties in a certain target area marked in brown and green that do not have secure water.

The impact of being without water security is shown in the geospatial data set out at Section 3 below. This geospatial assessment compares a region including the properties marked on the map that has inadequate water infrastructure, with an adjacent region that has adequate water infrastructure. The data shows that in times of below average rainfall, such as during the Millennium drought, the output of the region declines, with all of the social disruption that accompanies such decline.

The geospatial data notes that without adequate water infrastructure, the region will suffer a declining population, from which the inevitable result is a decline in the provision of government resources.

Water pipelines are to this region in the early 21st century what the railways were in the early part of the last century. Water has always been a barrier to development across the region, outside the irrigation estates.

Just to give two examples of the critical need, Narrandera Shire Council has rezoned approximately 100,000 hectares for intensive high-value horticulture and other agribusiness purposes, to transition the region to a higher-value agribusiness regime, but without new water infrastructure, the objectives will not be realised across the estate.

Bland Shire Council is seeking to attract new major primary and secondary industry to the West Wyalong area with a well-developed program, but the existing water infrastructure is inadequate and without new elevated levels of water security, there is no real prospect of major new development emerging.

These are both important development programs being undertaken by local governments in the Riverina region that will form the basis for reversing population decline and increasing sustainability in the region. It is important that both are recognised in the Regional Plan.

A recent ANZ Bank report found that \$600Bn will be required across Australia for onfarm and supply chain infrastructure between now and 2050 with the author of the report, Angus Taylor, now a federal MP for an adjoining region, noting how that should be achieved: "Funding improvements in infrastructure requires the public sector to actively invest while ensuring an environment that attracts private sector investment. In many cases, private and public sector collaboration, and potentially co-investment, will be required".

A considerable proportion of that \$600Bn requirement is for water infrastructure and all forward looking strategic planning frameworks need to recognise that.

In terms of urban water supply for human consumption across the region, none of the existing facilities meet Australian Drinking Water Standards. Leaving aside the issue of whether the Standards are appropriate, the fact that water treatment facilities across the region do not meet those Standards puts us all at risk. It is probably not a significant risk, but it is still a risk.

The Draft Riverina-Murray Regional Plan notes that government is providing funding assistance for towns and villages with \$110m of funding under the Backlog Program, including for some towns and villages in the Riverina, but much of that is to provide facilities for those towns and villages that do not have sewer at all and none of it is likely to be making drinking water compliant with the Australian Drinking Water Standard.

To deliver new infrastructure on the scale required as noted in the ANZ report above, the private sector needs to bring innovation, competition, skills and capital to a sector that is currently a command economy with all of the inefficiencies that go with such a regime. There is currently no private sector innovation, competition and capital driving new water infrastructure development anywhere, outside of the irrigation estates.

Innovation is important. Premier Baird has routinely emphasized the importance of innovation and contestability, including in specific areas relevant to this project. Innovation is canvassed in the 3rd dot point at the bottom of the first column on page 15 of the Draft Plan, however it would be beneficial if "co-investment" could be added to that dot point.

What the Northern Riverina community asked for during community consultation for the previous strategic plan and in the development of NSW policy was: "Support for economic growth (in centres and hubs) by developing new industries, supporting innovation and agriculture, job opportunities for youth and regional infrastructure to secure water supplies and improve food security". The Droughtmaster project will deliver a project that is precisely what the community asked for.

As regards the Droughtmaster project integration with other components of State and Federal government policy, the analysis of the integration set out in Section 4 below was prepared for the project to be lodged with Infrastructure Australia as a project of National Significance and in the National Interest. It deals specifically with how the Droughtmaster project objectives and goals integrate with those of government.

In relation to Droughtmaster project alignment with Infrastructure NSW's (INSW) State Infrastructure Strategy (SIS) 2012-2032, the project is fully aligned with the strategy set in 2012:

- Clear nexus exists between lack of suitable water supply infrastructure and economic growth
- Private sector funding assistance consistent with and central to meeting the requirement for \$15bn of funding for water and wastewater infrastructure in regional NSW over 30yrs
- Increased involvement of the private sector potentially changes the demand for direct government investment over the longer term
- INSW recommends a prioritised program of work is undertaken across Regional NSW to bring water and sewerage systems up to the required minimum drinking quality and environmental standards
- Projects have to show increase in economic activity for the region or the State

Section 2 Commentary on what should be included

The sections in the Draft Regional Plan on aboriginal empowerment and social housing are excellent and reflect the advanced policy settings of the NSW Government. It is helpful for our project to have these advanced policy settings recognised in the strategic planning framework as they are cornerstone developments for the Droughtmaster project.

The section on rural residential development is a vexed one from a practical implementation perspective in a project like the Droughtmaster. One the one hand there is a clearly researched demand for small hobby farms around the local villages for retiring farmers who will otherwise gravitate to the larger centres accelerating population decline in the rural areas. Currently there are no existing hobby farm estates in the region of the Droughtmaster project and there is a clear need for such developments.

On the other hand, there are those, including within our team, that say inappropriate housing development in what is likely to become an intensive agribusiness estate fragments the estate and quarantines consolidation at a later stage.

While there is some evidence of successful small-lot development, such as the macadamia industry in northern NSW and the re-establishment of agribusiness to the Mary Valley to replace the abandoned Traveston dam proposal, there is significant evidence locally here in the Riverina that small-lot development does act as a barrier to consolidation of fragmented estates. How this dichotomy is addressed in practical terms will be important.

Our real issue is having the paragraph at the bottom of page 43, which extends to the top of page 46 having the words included; "to include private sector innovation competition and capital." It would be of value to the Final Strategic Plan and to the project to have the project and its objectives mentioned specifically around this section and we would be pleased to discuss that with you when we meet on the 8th.

As noted in the previous section of this report, the last dot point at the bottom of the first column on page 15 notes "innovative design and delivery approaches across infrastructure sectors" as a government objective. It would benefit all stakeholders if the words "including through co-investment" were added to that dot point to ensure that the planning framework is fully aligned with the State Infrastructure Strategy as noted in the dot points on the previous page of this report.

Section 3

Geospatial Data prepared for the Droughtmaster Project. It compares two areas, one with extensive piped water reticulation (Wagga excluding the city, Junee and Cootamundra) and one with poor levels of reticulation, (Narrandera Temora and Junee)

The area comprising Narrandera, West Wyalong and Temora is currently in decline as farms in the area are operating below their full potential and infrastructure (such as

the tin mine) lay idle. This is driven by a few factors such as:

- The economy, particularly the agriculture sector, shrunk during the Millennium Drought of 2001-2009
- As a result the number of people in employment has also been in decline since 2001
- And with a smaller economy and fewer people in employment,

the residential population has also been declining since 2001.



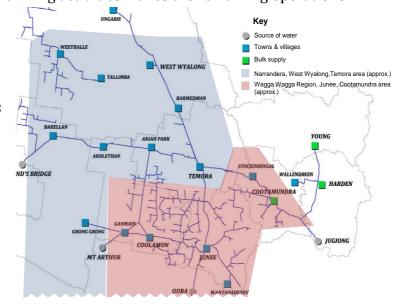
The cost of this problem is:

• The declining diversity in farming activities makes the remaining operations

more vulnerable to external trends (climate change) or shocks (commodity prices, pests and disease)

 The region's communities are less resilient and sustainable as indicated by low socio-economic scores

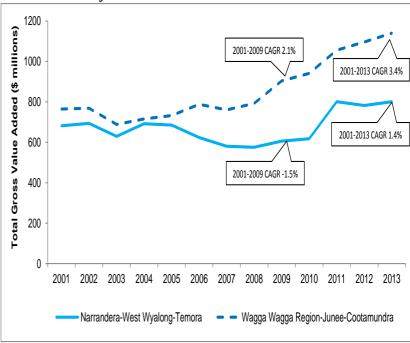
 The unrealised potential of the NSW Riverina to contribute to regional economic development through attraction of international investment,



creation of employment opportunities and increased innovation being brought to Australia.

The first table below illustrates the variability in the Gross Value Added of the

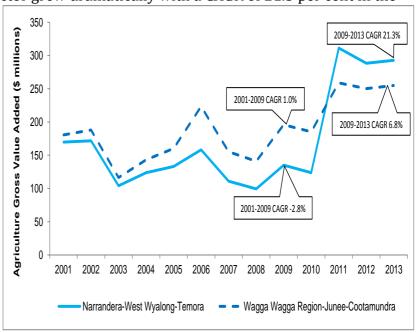
agriculture sector in the Narrandera, West Wyalong and Temora area. Since 2011 the agricultural output has increased. However, in the 2001-2009 period during the time of the Millennium Drought, GVA declined at an average rate of 2.8 per cent per annum. In the neighbouring area of Wagga Wagga Region, Junee and Cootamundra, the agriculture sector actually grew over the drought period 2001-2013



The second table is the

Agricultural Gross Value Added and shows that when the drought broke, in 2010-11, the agricultural GVA in both areas increased. In the Narrandera, West Wyalong and Temora area, GVA for the sector grew dramatically with a CAGR of 21.3 per cent in the

2009-2013 period. The agriculture sector in the neighbouring area of Wagga Wagga Region, **Junee and Cootamundra** increased with a CAGR of 6.8 per cent per annum over the same period. This highlights the variability of the Narrandera, West Wyalong and Temora region relative to its neighbour and is possibly driven by the difference in S&D networks where the agricultural sector in the Wagga Wagga Region,



Junee and Cootamundra area has water supplied by GWCC pipelines while the Narrandera, West Wyalong and Temora does not.

Section 4 – Droughtmaster Project Goal & Objective Integration with Government Policies

Goal Statements

The Droughtmaster Project is being developed to address the following goals:

- 1. Reversal of the population decline in the communities of the NSW Riverina
- 2. Creation of jobs within the NSW Riverina
- 3. Improve water security for farming properties
- 4. Increased food security
- 5. Attracting investment to the NSW Riverina
- 6. Increased sustainability and resilience of local communities

These goals align with the goals of local, NSW and Commonwealth governments as described in the table below.

Table: Relevant goals from State and National strategies and initiatives

	Strategy/	and National Strategies and initiatives	Links to
Body	initiative	Goals	goal
NSW Government	NSW 2021 Goals ¹	 Improve the performance of the NSW economy Rebuild State finances Drive economic growth in regional NSW Increase the competitiveness of doing business in NSW Place downward pressure on the cost of living Strengthen the NSW skill base Invest in critical infrastructure Build liveable centres Secure potable water supplies Protect our natural environment Ensure NSW is ready to deal with major 	1, 2, 3, 4, 5, 6
Infrastructure NSW	State Infrastructure Strategy 2012- 2032	emergencies and natural disasters. In 2032, NSW is characterised by its diverse employment choices and quality of life; built on a platform of world class infrastructure. The State offers an active, healthy and culturally rich lifestyle that attracts talented people from around the world. Long term economic prosperity has been delivered statewide; trade and employment growth has exceeded what was predicted 20 years ago. Regional areas are thriving. ²	1, 2, 5, 6
Australian Government	Liberal Party Policy 'Building A 5-Pillar Economy And Unleashing Australia's Potential' ³	"we will build a more diverse, world-class economy – a 5-Pillar economy – to unleash Australia's real economic potential. We will build on our strengths in Agriculture Exports to make the most of our comparative advantages in international markets." "We will build on our comparative strength in food production and better manage our precious water resources to help our agricultural sector become the food bowl of Asia, and achieve food security in a world demanding more of our food resources."	2, 3, 4

 $^{1 \} NSW \ Government, \ 'NSW \ 2021 \ 32 \ Goals', \ \underline{http://www.2021.nsw.gov.au/sites/default/files/NSW \ 2021_Plan\% \ 20Goals_6.pdf$

² Infrastructure NSW, 'State Infrastructure Strategy 2012-2032', 2012, Page 7.

 $^{{\}small 3\ \underline{http://www.liberal.org.au/our-plan/5-pillar-economy},}\\$

Australian Government	White Paper on Australia's Agricultural Competitiveness	The Australian Government has commissioned a White Paper to boost agriculture's productivity and ensure Australia's agriculture sector remains a significant contributor to the economy and local communities. ⁴	2, 4,
NSW Department of Primary Industries	Agriculture Industry Action Plan – Draft taskforce recommendations to government	The vision is ⁵ : Agriculture and agribusinesses in NSW are profitable, productive and innovative, valued for their economic, environmental and social contribution to the State with NSW recognised as a world leader in the provision of high quality food and fibre products.	2, 4
Council of Australian Governments	National Water Initiative	The NWI is a shared commitment by governments to increase the efficiency of Australia's water use, leading to greater certainty for investment and productivity, for rural and urban communities, and for the environment. ⁶	3, 5
Council of Australian Governments	COAG's Reform Agenda	COAG has committed to an unprecedented program of reform built on one vision: improving the wellbeing of all Australians, now and into the future. ⁷	1, 2
NSW Department of Energy, Utilities and Sustainability	Integrated water cycle management guidelines	IWCM adopts the following basic principles: 2. The sustainable and equitable use of all water sources. ⁸	3, 6
NSW Department of Trade and Investment, Regional Infrastructure and Services	n/a	The Department assists in building a diversified NSW State economy that creates jobs. We work to attract investment to NSW and support innovative, sustainable and globally competitive businesses, industries and sectors. ⁹	2, 5, 6
Riverina and Murray Regional Organisation of Councils (RAMROC)	Strategic and Operational Plan for the years 2011 to 2015	RAMROC Councils collaborating to enhance the economic, social, economic and environmental capabilities of their communities so as to ensure their long term resilience and sustainability ¹⁰	1, 2, 6

⁴ https://agriculturalcompetitiveness.dpmc.gov.au/,

⁵ NSW Department of Primary Industries, Agriculture Industry Action Plan - Draft taskforce recommendations to government, March 2014

 $[\]begin{tabular}{ll} \bf 6 & \underline{\bf http://www.environment.gov.au/topics/water/australian-government-water-leadership/national-water-initiative}, Accessed 24 & \underline{\bf September 2014} \\ \end{tabular}$

⁷ $\underline{\text{http://www.coag.gov.au/reform agenda\#Theme 3}}\ ,$

⁸ Department of Energy, Utilities and Sustainability, 'Integrated water cycle management guidelines for NSW local water utilities', October 2004.

⁹ http://www.business.nsw.gov.au/about,

¹⁰ http://www.ramroc.org.au/projects/files/Strategic%20Plan%202011-2015.pdf

Objective Statements

The Droughtmaster Project's objectives are:

- a) To provide water security for approximately 150 properties without adequate water supply over the 2,000 km² estate across the northern Riverina region
- b) To grow agricultural output through development of a substantial nut orchard project and aggregation of 240km² dryland farming estate
- c) To provide sewerage infrastructure and services to villages in the project area, particularly Grong Grong

These objectives align with a range of strategies, initiatives and targets of local, NSW and Commonwealth governments as described in the tables below.

Table: Relevant objectives from State and National strategies and initiatives

			Link to
Body	Strategy/initiative	Objective	objective
Infrastructure	State Infrastructure	Infrastructure NSW recommends a	c)
NSW	Strategy 2012-2032	comprehensive program of new and	
		upgraded dams across regional NSW to	
		mitigate the impact of future droughts.	
		Additionally, regional town water and	
		wastewater systems should be brought up	
		to national standards. ¹¹	
Australian	White Paper on	The Australian Government is preparing a	a), b), c)
Government	Australia's	new White Paper on Australia's Agricultural	
	Agricultural	Competitiveness to replace the National Food	
	Competitiveness -	Plan. The White Paper is expected to be	
	Issues Paper	released later in 2014. In the meantime an	
		issues paper and green paper have been	
		released. The issues paper states that the	
		White Paper will consider:12	
		1. Food security in Australia	
		2. Means of improving market returns at the	
		farm gate, including through better drought	
		management;	
		8. Opportunities for enhancing agricultural	
		exports	
		The green paper lists the Australian	
		Government agriculture policy principles,	
		which include ¹³ :	
		4. creates well-paying jobs in agriculture,	
		including in the downstream sectors of food	
		manufacturing, food retailing and hotels and	
		restaurants	
		7. focuses on Australia's competitive	
		advantages so we are prepared to realise the	
		food demand of the growing middle class	
		in our region	
		8. supports strong and vibrant regional	
		communities	
		9. maintains access for all Australians to high-	
		quality and affordable fresh food	

¹¹ Infrastructure NSW, 'State Infrastructure Strategy 2012-2032', 2012, Page 12.

¹² Commonwealth of Australia, Agricultural Competitiveness Issues Paper, Canberra, February 2014, page 1

¹³ Commonwealth of Australia, Agricultural Competitiveness Green Paper, Canberra, October 2014, page viii

NSW Department of Primary Industries	Agriculture Industry Action Plan – Draft taskforce recommendations to government	In preparation of the 2014 Agriculture Industry Action Plan, an industry taskforce stated its vision can be measured by ¹⁴ : • the resilience of agriculture in NSW and how easily it can adapt to change • the agility of the sector and businesses in the pursuit of opportunities • attracting investment • innovation in the financing of agriculture and agribusiness.	a), b)
Council of Australian Governments	National Water Initiative	Under the National Water Initiative, governments have made commitments to: • achieve sustainable water use in overallocated or stressed water systems ¹⁵ These actions, taken together, would achieve: • economically efficient water use and related investment that maximise the economic, social and environmental value of Australia's water resources. ¹⁶	a), b)
Council of Australian Governments	National Partnership Agreement on Water for the Future	In entering the National Partnership Agreement on Water for the Future, the Commonwealth, State and Territory Governments recognised their mutual interest to 'secure water supplies and to assist with climate change adaptation (a) efficient water use and management of water resources; (b) secure water supplies for towns and cities and helping households and businesses use water more efficiently; and (c) adaptation to climate change and an environment of changed water availability. ¹⁷	a)
RAMROC	Strategic and Operational Plan for the years 2011 to 2015	Provide Local Government expertise and provide ongoing input into irrigation policies and infrastructure improvements. 18	a), c)

¹⁴ NSW Department of Primary Industries, Agriculture Industry Action Plan - Draft taskforce recommendations to government,

 $^{15\ \}underline{\text{http://www.environment.gov.au/topics/water/australian-government-water-leadership/national-water-initiative,}\ Accessed\ 24\ September\ 2014$

¹⁶ http://www.nwc.gov.au/nwi/objectives, Accessed 24 September 2014

 $^{17\} Council\ of\ Australian\ Governments,\ 'National\ Partnership\ Agreement\ on\ Water\ for\ the\ Future',\ page\ 3$

¹⁸ http://www.ramroc.org.au/projects/files/Strategic%20Plan%202011-2015.pdf

Table: Relevant targets from State and National strategies

Body	Strategy/ initiative	Targets
NSW Government	NSW 2021 ¹⁹	Targeting 100,000 new jobs, including 40,000 in regional NSW
Infrastructure NSW	State Infrastructure Strategy 2012-2032	Recommendation 53: Infrastructure NSW recommends a prioritised program of work is undertaken across Regional NSW to bring water and sewerage systems up to required minimum drinking quality and environmental standards. ²⁰
Council of Australian Governments	National Water Initiative	Under the NWI, governments have made commitments to: • achieve sustainable water use in overallocated or stressed water systems ²¹
Council of Australian Governments	National Partnership Agreement on Water for the Future	(b) secure water supplies for towns and cities and helping households and businesses use water more efficiently ²²

Goal and Objective Alignment

The goals and objectives of the Droughtmaster project align with most of Infrastructure Australia's strategic priorities as described in the table below.

Table: Infrastructure Australia's Strategic Priorities (SP)

Alignment to goals and objectives		Goals	Objectives	Description of alignment
SP1	Expand Australia's productive capacity	2, 3, 5, 6	a), b),	Aiming to expand the reach of secure water supply allows greater quantity and value of agricultural production. This also creates jobs and attracts investment which will expand Australia's productive capacity.
SP2	Increase Australia's productivity	3, 5	a), b)	The goal of improving water security will improve agility and resilience to climate change in rural activities therefore decreasing the business risks and improving the efficiency and productivity of the industry. The increased access to water will, through attracting investment in new operations, allow the agriculture sector to increase the value of its outputs, hence increasing the productivity of the sector.
SP3	Diversify Australia's economic capabilities	1, 2,5	b)	Improving the water security in the northern NSW Riverina will attract investment, jobs and reverse population decline. The investment in a large nut orchard farm and the large scale aggregation of dryland farms will allow Australia to diversify its economic capabilities.

¹⁹ NSW Government, 'NSW 2021, Chapter 1 Rebuild the economy', http://www.2021.nsw.gov.au/sites/default/files/NSW2021 Economy 3.pdf
20 Infrastructure NSW, 'State Infrastructure Strategy 2012-2032', 2012, Page 163.

 $^{{\}bf 21}\ \underline{\text{http://www.environment.gov.au/topics/water/australian-government-water-leadership/national-water-initiative,}$

 $^{22\} Council\ of\ Australian\ Governments,\ 'National\ Partnership\ Agreement\ on\ Water\ for\ the\ Future',\ page\ 3$

SP4	Build on Australia's global competitive advantages	3, 5	a), b)	The goal of improving water security in the northern NSW Riverina will permit investment in new ventures to expand Australia's agriculture industry and build on Australia's competitive advantage as being a high quality food producer that is able to serve the expanding middle class markets in Asian and the Middle East
SP5	Develop our cities and/or regions	1, 2, 5, 6	a), b), c)	The Droughtmaster project will attract investment and create jobs in the area which will create opportunities for people to migrate to or stay in the area. This will reverse population decline and reinvigorate the towns in the area – Grong Grong, Ardlethan, Tallimba and West Wyalong – as well as those towns and cities servicing the area such as Wagga Wagga, Narrandera and Griffith.
SP7	Improve social equity, and quality of life	1, 2, 6	a), b), c)	The reinvigoration of the Northern NSW Riverina towns and investment in farming communities will improve the economic output of the area, increasing the job opportunities and improving the social equity of the area relative to metropolitan NSW. The supply of infrastructure for sewerage treatment and waste water reuse will improve the health and environmental wellbeing of the community.