Water Sharing Plan Review
Natural Resources Commission
GPO Box 4206
Sydney NSW 2000

Dear Madam or Sir

re: REVIEW OF 2004 WATER SHARING PLANS
   (Water Sharing Plan for the New South Wales Murray and Lower Darling Regulated Rivers
   Water Sources)

Norske Skog Albury (NSA) welcomes the opportunity to provide comment as outlined in the NSW
government’s seeking submissions for review of the 2004 water sharing plans, November 2012.

NSA supports the current arrangements under the Water Sharing Plan for the New South Wales
Murray and Lower Darling Regulated Rivers Water Sources and would also like to take the
opportunity to provide comment and recommendations that would provide long term water security
for its mill operations and strategic planning activities. These recommendations are detailed in
Attachment 1 and include:

- Improving water allocation method to provide surety of water supply at the beginning of each
  water year
- Ensuring no alteration to water allocation volumes or priority to high security access licence
  holders occurs as a result of the introduction of sustainable diversion limits (SDL)
- Supporting the collaborative water management approach taken during times of critical water
  shortages
- Providing credit for returning water to the river environment
- Documenting the Salinity Offsets Scheme arrangements in the next water sharing plan

If you have any questions in relation to this submission please contact myself on 0260 583 111 or
Michael Machin on 0260 583089.

Yours faithfully

Norske Skog Paper Mills (Australia) Ltd

Ernie Hacker
General Manager
ATTACHMENT 1

SUBMISSION FOR REVIEW OF 2004 WATER SHARING PLANS

Background

Norske Skog Albury welcomes the opportunity to provide a submission as outlined in the NSW government’s seeking submissions for review of the 2004 water sharing plans, November 2012. The water sharing plan that is relevant to Norske Skog Albury is the Water Sharing Plan for the New South Wales Murray and Lower Darling Regulated Rivers Water Sources.

Norske Skog Paper Mills (Australia) Limited is the only manufacturer of newsprint grades of paper in Australia operating the Albury Mill in NSW and the Boyer Mill in Tasmania. The company is part of Norske Skogindustrier ASA, a Norwegian based company, which manufacturers’ newsprint and publication grade paper from 10 mills in 8 countries. The Albury Mill produces ~275,000 tonnes of newsprint annually, employs 200 people directly, creates an estimated 700 indirect jobs and contributes over $100 million per annum to the regional Albury economy.

1 Water Allocation Method

Norske Skog Albury holds a high security access licence in perpetuity to extract water from the Murray River at Albury. Raw water is pumped to the Albury mill site, transferred through a filtration plant and used as cooling water, process water, firewater and potable water. All wastewater is treated through a world class water treatment plant before being used for the irrigation of plantation pines and pastures with some treated process water being returned to the river under the NSW Green Offsets Scheme.

The current water sharing plan allocates water to high security licence holders after the needs of the environment, domestic and stock and water utilities have been met. The accounts for high security access licences are managed on an annual basis. Any water that remains in an account at the end of a water year is lost. The account receives a new allocation of water in the next water year.

Norske Skog Albury has continually improved its water efficiency as measured in m³ per tonne of product. The period 2009-11 shows an increase in water efficiency as a direct reflection of product mix and market conditions. Nevertheless, Norske Skog Albury still leads the industry and in fact, establishes industry best practice for newsprint manufacturing.
While the method used to allocate the water resources required by high security water users maintains a good level of priority, it does not recognise the long term planning needs of large industries. High levels of investment have been and will continue to be required at the Albury Mill if it is to maintain its position as a premier manufacturing site in the global context. These long term corporate plans find flaw in the current water sharing plans in that water is only allocated on an annual basis. Whilst history has shown that the mill has never run out of water, the recent drought conditions experienced in the Murray-Darling Basin resulted in water being allocated on a monthly basis. This did raise the key concern of water security.

**Recommendation**

As the Murray-Darling Basin Plan finalises the sustainable diversion limits (SDL) on the amount of water (both surface and ground water) that can be taken from the Basin’s water resources, Norske Skog Albury expects that its water allocation under its access licence remains in perpetuity and is not altered.

Norske Skog Albury supports the concept that high security water users maintain their priority level as listed in the current water sharing plan and recommends that high security licence holders be also allowed to hold additional water reserves in their account past the end of the water year. This additional water would be sourced from any remaining water from the annual allocation. The maximum additional water would be to a maximum level of an annual allocation. This water reserve would not be allowed to be traded. Any additional water held in the water account above this water reserve at the end of the water year would be forfeited as per the current water sharing plan. This approach will allow large industries the water security that they require to develop long term investment strategies.

2 **Drought Management Approach**

The drought conditions that prevailed from 2000-2010 in the Murray-Darling Basin presented many challenges to farmers, businesses and communities that lived in the Basin. Considerable hardship was experienced across all communities.

The NSW government through the Office of Water established Water Advisory Groups (WAG) for each catchment to enable a consultative approach to be undertaken for the management of the scarce water resource. In the Murray River catchment, Norske Skog Albury was represented through the Forestry Group representative. This approach was successful in managing the scarce water resource across many needs including towns, commercial, industrial and agricultural sectors.

**Recommendation**

Norske Skog Albury endorses this collaborative approach to water management if the situation of enduring drought returns and water resources reach critical levels.
3 Return Water Credit

The water resources used by high security water licences are classified as consumptive use. That is water that causes diminishment of the source at the point of appropriation. Norske Skog Albury draws raw water from the Murray River and after on-site filtration is used as various water sources.

Cooling water is only used for the removal of latent heat and is directly returned to the Murray River. Cooling water does not come in contact with any part of the process, is separately transferred, tested, monitored and reported.

Fire services water, process water and potable water are all returned to an on-site water treatment plant and then either utilised for the irrigation of plantation pines and pastures or returned to the Murray River under the NSW Green Offsets Scheme.

Recommendation

The development of an integrated approach to water management in the Murray-Darling Basin has resulted in a more holistic understanding of the impacts of point source discharge such as the output of water treatment plants on the environment. In recent years it has become acknowledged that returning water to the river can be beneficial to the river environment.

The establishment of the NSW Green Offsets Scheme and the acceptance that all water returning to the river environment needs to meet the standards covered under the guidelines of the Australian National Water Quality Management Strategy (NWQMS) provide the instruments to enable water to be returned to the river.

Norske Skog Albury recommends that the next water sharing plans incorporate the principle of return water to the river environment through point source discharge and that any water returned provides a credit to their water balance if the return water scheme complies to either the principles of the NSW Green Offsets Scheme and/or the guidelines of the Australian National Water Quality Management Strategy.

Norske Skog Albury also recommends that cooling water discharges that are clearly identified, pumped, tested, monitored and reported be re-classified as non-consumptive water and re-credited to the licence holders water account once it returns to the source environment.

4 Green Offsets

Norske Skog Albury currently participates in a salinity offsets scheme that is approved under the NSW Green Offsets Scheme. The scheme involves a salinity abatement pumping operations located on the Billabong Creek at Morgan’s Lookout Walla Walla NSW. In return, Norske Skog Albury is allowed to return treated process water to the Murray River at Albury with elevated saline levels. The offsets scheme has an agreed 2:1 salinity abatement ratio, ie. for every kg of salt returned to the Murray River, two kg will be abated at the Billabong Creek.
Recommendation

The return of process water following appropriate water treatment can provide many benefits to the environment, river health, the community and businesses if carried out in a regulated and monitored manner. In the case of the current salinity offsets scheme through a partnership arrangement with the Office of Water and Norske Skog Albury, increased water flows are achieved at the Billabong Creek and the Murray River, elevated salinity levels are abated in the Billabong Creek, improved water quality is achieved for the townships of Burrumbuttock and Walbundrie, more water is available in the Murray River for either environmental flows or consumptive use and the overall salinity levels are reduced at Morgan South Australia.

The salinity offsets scheme is well documented in the Water Sharing Plan for the Murrumbidgee Unregulated and Alluvial Water Sources which commenced on 4 October 2012. It is recommended that the salinity offsets scheme is also documented in the Water Sharing Plans for the NSW Murray and Lower Darling Regulated Rivers Water Sources.