

**SENATE RURAL & REGIONAL AFFAIRS & TRANSPORT
REFERENCES COMMITTEE**

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Inquiry into the management of the Murray-Darling Basin

Mildura, Tuesday 3 April 2012

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Sunraysia Irrigators Council Inc.

www.mdic.com.au

**Chairman
Danny Lee**

**Vice Chairman
Malcolm Bennett**

Tuesday 3rd March 2012

Senate Rural and Regional Affairs and Transport References Committee Inquiry Into The Management Of The Murray darling Basin

Opening Comments:

To permanently change the management of the Murray Darling Basin will affect the over two million basin community members forever. It will have a profound impact on the food security of Australia, and cause massive economic damage to all of the Regional communities within the MDB.

SIC does not agree that the MDB has been badly managed over the past one hundred plus years, we concede that the management has had many faults, but in this time the MDB has prospered and grown in its contribution to this nation.

The current management structure has been able to guide us through the most severe drought seen since white settlement, and despite recording the lowest inflows to the basin ever, we did not run out of water.

The environment and the people of the basin suffered badly during this time, with many of the people ceasing irrigation and leaving, while the environment suffered significant damage. Both the people and the environment are now in the recovery process after two years of record drought breaking rains and floods.

The security of water supply in the MDB has been guarded by the very management structure put in place by our forefathers who enshrined it in the Australian Constitution. By placing the sovereignty of our water in the hands of the States they guaranteed that no vested interest group/s could ever seize control of the Nations water.

This system is far short of perfect, but the inability of five States to ever all agree in unison about anything, provides the security that our forefathers had the wisdom to see.

The current move to centralize control, and change the priority use of the Nation's water, will remove the right to water away from the people of Australia, and place the control of the Nation's water into the hands of whichever vested interested group can take control of the Federal Government every three years.

The recent thirteen year drought has exposed the failure of successive Governments at all levels to provide for the basic needs of Australia, the last major infrastructure investment in the MDB by Government to provide water for a growing nation was the construction of Dartmouth Dam, completed in 1979.

The solutions on how to provide water for an expanding population will be found in Governments willing to invest in infrastructure to make sure there is adequate water for future generations, engineers not Politicians, is where we should be placing our hopes.

The current suggested management structures outlined in the MDBA Plan, will not create one drop of water, they appear to be a political solution, so simplistic that any Primary School grade six class could have come up with the plan to take water off one sector of the community and give it to another.

The MDBA Plan is written with the acceptance of the theory that there will never again be enough rain for our needs. SIC argues that is all the more reason to invest in conserving extra water to get us through the times of shortage.

Climate and Environmental change have been with us for thousands of years, they will continue to change for thousands of years to come. SIC does not accept the necessity to change the management of the MDB based on predictions. Quote Tim Elstone "Science is a qualified graduates guess, recorded history is a fact". History shows us that Australia has regular dry periods, always followed by rains and floods.

The result, if the suggested MDBA Plan is implemented, will be catastrophic to the MDB and Australia. SIC asks the Senators to reject the MDBA Plan and opt for improving the existing management structure, while directing the energies of Government into massive investment in water supply infrastructure. The Nation needs another Snowy Mountains Scheme far more than it needs faster internet.

SIC Response To The Outlines of The Inquiry.

- (a) The MDBA Plan will mean a massive transfer of water from productive use to the environment. The result will be reduced food security for the nation, huge reductions to the regional economies of the MDB and the Nation.
 - (b) As regional economies shrink, social issues escalate, and the end result will be the Government having to expand the social welfare network.
 - (c) Sustainable productivity cannot be maintained with reduced water. Investment into the MDB will cease because of reduced security of water supply, the MDBA Plan already calls for a review in 2015, will there be more to follow. Will the environment keep demanding more until there is no productive water left?
 - (d) The opportunities to establish new areas in rural and regional Australia will be far outweighed by loss of existing investment and infrastructure in the MDB. To achieve this, the Government would have to provide massive incentives and compensation.
 - (e) Irrigators have demonstrated their willingness to embrace more efficient water use and have been doing so for decades. As technology advances irrigators will move with it, driven by production and economic pressures. Governments have not kept pace with water use efficiency, in the majority of areas, their infrastructure is outdated and well past its' use by date.
- If surface water in the MDB is to be subjected to reduced SDLs, it must follow that aquifers of the MDB must be bound by the same reductions. Surface and ground water are one and the same.

- (f) Research and Development are the backbone of agriculture's future. Irrigators have been implementing new technologies in plant varieties and water use for decades. Farming methods have changed dramatically over time as new research dictates. The Federal Government has just closed down the most important research facility in this region, the world renowned CSIRO at Merbein. The facility is currently for sale along with the 105 megalitre water entitlement. The Commonwealth already owns this water, why are they are selling it when they are openly trying to convince irrigators to sell their water to them?
- (g) Foreign investment might be the only salvation for the Sunraysia region. The recent experiences of investors with corporate agriculture, including MIS, have frightened off Australian investment in agriculture.
- (i) Corporate and Foreign takeover of agricultural land and water will lead to the gradual removal of family farming units within the MDB. The very model which established and grew the irrigation communities of the MDB. This will create a social dilemma which Government will have take responsibility for. SIC notes that if foreign interests purchase agricultural land within Australia, there is no investigation by authorities if the purchase price is less that \$243m, yet if foreign interests buy a residential property of any value, there is an investigation by the same authorities.
- (ii) Water speculators are an inevitable result of an open market. The only outcome from this will be that the ownership of water will make its' way into a few well resourced hands, who will then be able to demand a ransom from anyone who wishes to access water.
- (h) Not possible under current water limits. To maintain production efficiency and environmental needs, there will have to be an increase in available water. This can only be achieved by engineering solutions, to create the infrastructure to achieve this.
- (i) SIC is not qualified to offer an opinion on this, only to say that the future water needs can be met by Governments who are willing to invest in infrastructure to meet the future water demands of the Nation.
- (j) SIC sees no future for the water supply of Australia contained in the MDBA Plan. It creates no water, just shuffles it around between user groups. Australia lost the opportunity in the 13 year drought to build infrastructure for the future. Nothing was done, and when the floods came, which historically they always do, all of the water was lost.

Danny Lee
SIC Chairman

Malcolm Bennett
SIC Vice-Chairman

Tim Elstone

Re-Murray Darling Basin

Dear Member,

The greatest thing about Australia, is Mother Nature's ability to test its inhabitants ability to survive to the extreme.

With some irony the MDBA draft plan was announced on the 28th November 2011, as the towns of Moree, Gunnedah & Wee Waa were being evacuated due to rising flood waters as Mother nature had again unveiled her wrath on our country.

When the honourable Prime Minister at the time, John Howard announced the commencement of the concept of a MDB plan some 5 years ago, the system was heading into its toughest time in the 120 year history of inflow records.

Scientists, environmentalists & politicians alike "pushed the panic buttons" & we now have what will be considered to be the saving of the Murray Darling Basins Environment.

The years 2006,2007 & 2008 are in the history books as the toughest test of time, our river systems environment, dependant cities & towns & irrigation industries have endured. 2007 now holds the record as having the lowest inflows into the system in 120 years of records.

It may well be that we don't see this again for another 120 years. Let's hope not. Only history will answer that.

However, as history has proved, mother nature in her wisdom, decided once again, it was time to replenish her ground as she has done since eternity.

Since March 2010 (only 20 months ago) our river systems have seen a complete reversal of circumstances from a drought crisis, to now, what may, over the next few months be a flood crisis.

That is Australia "a land of flooding rains" & god forsaken droughts.

All the scientific gurus have gone very quiet in this period & the science is now being questioned.

One quote I heard in 2009 was "it will take at least 5 years to replenish the lower end lakes. " Well they filled in about 8 months & pushed water out to sea for another 3 or 4 months, totalling some 20000 gigalitres.

What we've all forgotten is this has been going on for a hell of a lot longer than we've been here.

Without doubt, every genuine Aussie has a passion for & wants to see a healthy river environment, properly protected by its governing body.

There has been much said about the "over allocation" of water for irrigation . I can only comment in those three irrigation seasons 2006/07, 07/08 & 08/09 NSW general security water entitlements on the Murray river system had an allocation of 0%. I fail to understand how 0% gets interpreted as being over allocated.

In the 2007/08 season, High security/reliability water entitlements had an average allocation across the 3 states in the Murray system, equating to 37% of allocation.

To talk about sustainable diversion limits in these extreme dry times is plainly irrelevant. If there's no water to allocate then you simply can't have it.

For a responsible government to invest billions of dollars in entitlement, that history has proven will receive a zero allocation from time to time, seems to be uneconomical & non beneficial to the environment.

Similarly, the purchase of supplementary entitlements for the benefit of the environment, is simply frivolous. The only time you access that water is in times of extremely high flows, when the environment doesn't need it.

Possibly the current draft basin plan will work in the future, provided there is no further growth in any city or region that relies on the basins water supply.

We know that will not occur. Our societies system is driven by growth & economics demands it continues.

Some suggest the countries population to be app. 36m by 2050. If only 30% of those end up in the south, reliant on the system, we'll be back in 20 years wanting more water for human needs.

What do we do ? Take another 2 or 3000 gigitalres out of food producing districts ?

Our countries ability to produce food in the long term will be the most vital influence on our economy. We may not be around, but with population growth worldwide, it's easy to see feeding a nation & other parts of the world will be imperative to long term survival.

So, we have a draft plan, proposed & formed during the worst drought in our history (as far as water supply goes). It had a serious hiccup 12 months ago when attempting to introduce it to irrigation districts. In fact it had to go back to the drawing board, with a parliamentary inquiry & basically be restarted.

As mother nature has now turned our river system around, it's understandable to see the indecision in the whole process to date & we still have no party happy. (albeit after the 1st few days- but I dont think that will change).

If we are going to have continued growth population in the Basin & we know we must look after the environment of the river systems & we see food production as imperative to the nations long term survival, then we must have strong government that look further ahead than the term of the next election or two.

I don't know if it was easier from 1919 to 1980 to make decisions & get things done, but the governments of those eras had foresight with long term plans.

If we are going to keep growing the only answer to provide for the future is to ensure that the resources are available, & we, well & truly back them up.

Water is a key resource. Our current system will see it simply not be able to keep up if we want to keep growing as a nation.

Water storage should be a key element of any future plans.

Our forefathers saw this from the commencement of the Hume dam in 1919, Eildon in the 30's, the Snowy river scheme commencing in 1949 & completing in 1974, thru to the completion of the Dartmouth Dam in 1980. Over this period other dams on the Darling, Murrumbidgee, Lachlan, Macquarie, Namoi & Gwydir systems were also constructed, the main being; Burrinjuck in 1928, Wyangala 1935, Menindee in the 50's, Burrendong 1967 & Copeton in 1976.

From this history, it is quite obvious our predecessors recognised the potential of the basin as having the ability to be a productive food bowl, a population growth basin & combined dam construction for hydro-electricity production & irrigation development along the river systems. They were as the records show the "primary purpose" for the construction of the dams.

Sadly, since the completion of the Dartmouth Dam in 1980, no further major storages have been constructed, yet we continue to grow our population base & increase demand on the supply of water.

If the extreme dry period of the aforementioned years had not occurred, would there be such a thing as a Murray Darling Basin plan ?

On the flip side, if you look at the last 20 months it's been fantastic to see the river system have a complete clean out. A good question is. What if we could have had stored 15% of the 20000 gegalitres or so that ran out to sea?

From the recent rains in the Macintyre, Gwydir & Namoi systems it's a fair bet you would have had it straight back. The Menindee system is 130% full, the water has to go somewhere to make room for what's coming & the official wet season in the Darling catchment areas is only just about to start.

We talk about managing & preserving, but we make plans based on our worst period in history, budget to spend 11 billion dollars plus, when a 2000 gegalitre dam would probably cost app. 400 to 500 million. 5 would cost 2 to 2.5 billion and you have the ability to hold 10000 gegalitres, the equivalent of Dartmouth, Hume & Eildon dams & in the last 20 months you still would have had 10000 gegalitres run thru the river system to the sea. The money should be spent on infrastructure including further storages.

In less than two years our entire basin water storages have gone from critically low where providing water for human needs was in jeopardy, to now, as good as we've seen them. Of the major storages that feed the basin, Dartmouth @ 75% & Copeton @ 78% of capacity are the lowest.

The political attitude to dams is very negative. When suggested the main comments are; There's nowhere to put them. Dams don't create water.

It's true they don't create water, but they do hold a bit as mother nature has recently proved.

We found places for dams 100 years ago, I'd like to think we have progressed a bit since then & technology could help us with evaporation problems etc.

The Menindee system is a classic example. It's terrible in terms of not being very deep, located in a very hot climate, which increases evaporation rates & it dried up for 3 years in a row in its 55 year existence. They were however, the worst 3 years we've seen. It's now holding 1900 gegalitres (130%) with water on the way. If it rains they fill.

There is more suitable practical places for the construction of further storages. Be it for human consumption, the environment, irrigation, mining or whatever. Does it really matter if it gives us long term assurance of a viable healthy river system, providing ample for human requirements & food production ?

It's imperative the resource is backed up, if we genuinely want to succeed in having a successful future.

I am not arguing for or against the plan. Something definitely needs to be done for the benefit of all components of the basin. I'm simply saying all we will be doing is putting a band aid on the problem for the next 10-20 years, unless, we immediately stop all growth that relies on the basins water supply & we find alternative supplies, such as desalination. I can't see that being practical, economical or achievable.

By the time the furore of the drought caused a gov't to act , the drought was over & we managed to have a proposed draft plan in place. No-one's fault, it had to be done properly with a lot of consultation processes.

As has happened since the dawn of time Australia can change very quickly. We need to be smarter about how we can make the most of an abundance of water in times like this, rather than panicking in times of extreme drought, as has occurred.

Regards,

.....

Tim Elstone

Tabled doc
WMI
Mildura public hearing
3 April 2012.



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Senate Standing Committee on Rural Affairs and Transport

Inquiry into the management of the Murray-Darling Basin Plan

**Presentation by Western Murray Irrigation Limited
(WMI)**

**WMI as a member of the National Irrigators Council (NIC) also supports the
NIC Submission**

Contact: Cheryl Rix – General Manager

Postal Address: PO Box 346, Dareton NSW 2717

April 2012

Western Murray Irrigation Limited (WMI) is a not for profit unlisted public company limited by shares. The company was privatised from the NSW Government in 1995. WMI customers hold a high security water entitlement of 52,035 ML (started at over 60,000 ML). WMI manages three irrigation areas in the NSW side of Sunraysia, Buronga, Coomealla and Curlwaa. The irrigated area represents 4,400 hectares and is predominantly permanent plantings (grapes and citrus) with an increasing trend towards vegetable production in Buronga where high pressure water is supplied. The value of product at the farm gate for the WMI irrigation districts is \$45 million.

The water is pumped directly from the River Murray via three separate pumping stations and delivered through fully pipelined delivery infrastructure. Each pumping station has an independently calibrated meter, owned and operated by WMI, and is supplied water under a bulk water licence arrangement. All supply points within WMI on farm are metered. The replacement value of WMI water infrastructure is estimated at \$145 million.

WMI also undertakes extensive drainage water management, monitoring and reporting. Drainage schemes in each area ensure removal of hundreds of tonnes of salt each year and prevent drainage water from entering flood plains.

Permanent water transfers have been occurring from WMI since 2008 and it is expected this trend will continue. An independently prepared crop report completed in March 2012 has calculated an average of 21% of the WMI irrigated areas have been dried off and there has been a reluctance to invest given the uncertainty surrounding both commodity prices and water reform policy. 14.5% of water entitlement has permanently left the WMI licence. There is no doubt that debt pressures facing farmers in this area has forced the sale of water entitlement.

WMI is at full cost recovery and has a combination of fixed and variable pricing which has allowed the company to be self sustaining during the last ten years where periods of drought and an extreme wet start to the 2010, 2011 and 2012 season has reduced allocation and usage. WMI prides itself on the company's strong financial performance since privatisation but notes we are a small company with operating revenue of only \$3 million.

WMI is also extremely concerned at the rising cost of electricity. The pumping electricity costs are the largest expense of the company and in one of our irrigation districts the cost of electricity has increased by 49% over the past two

years. This rise is before the introduction of the carbon tax. It is difficult for irrigators to wear price increases of this magnitude when their relative incomes have been impacted by seasonal events and the Australian dollar.

The regulatory and compliance framework resulting from the Water Act has meant additional responsibilities for the WMI Board of Directors and direct additional costs for WMI members totalling 2.5% of all administrative costs and deflects resources from productive work. The ACCC now regulates infrastructure operators through a myriad of legislated rules. A further set, the water trading rules are proposed in the Basin Plan.

WMI has been an active contributor to the Basin Plan consultation process through its membership of both the National Irrigators Council and the NSW Irrigators Council.

In terms of the Basin Plan, WMI supports an approach which takes the time to get it right and supports a healthy working river.

Future water recovery should be focused from infrastructure works, operating rules changes and potentially institutional rules changes. WMI supports the content of the NSW response to the MDBA Plan – community information released recently.

Environmental watering plans must be clearly defined and benefits monitored through using the localism approach. The precautionary principle should be applied noting the Commonwealth already holds over 2,000 GL.

Communities need sufficient resources to adapt to the changes the plan will bring.



UPDATE TO SUBMISSION TO SENATE INQUIRY

Management of the Murray Darling Basin

APRIL 2012

Chairman: Dane Huxley

Chief Executive Officer: Anne Mansell

Senate Inquiry – Management of the Murray Darling Basin

Submission from Mildura Development Corporation

Recommendations:

1. Mildura Development Corporation acknowledges the importance of a healthy Murray Darling Basin which will underpin the health of cities and communities within the basin, however the focus of a Murray Darling Basin Plan must value and optimise economic, social and environmental objectives equally.
2. Sustainable Diversion Limits proposed of 27%-36% could have a severe impact on communities within the Mildura region which are heavily reliant on irrigated permanent plantings and associated food processing industry sectors. Further detailed work is required to assess existing regional capacity and the economic and social impacts of these proposals.
3. The Basin Plan should acknowledge irrigation efficiency such as found in the Mildura region to further understand and encourage capital investment and funding for on farm irrigation efficient technology which will lead to water savings.
4. The Basin Plan needs to recognise local conditions, efficient water management and investment in river health works (such as interception schemes) in determining Sustainable Diversion Limits (SDLs) and then develop appropriate SDLs for each area as opposed to a unilateral take.
5. Total project funding for all stages of the Sunraysia Modernisation Project should be made available to provide the necessary infrastructure to drive efficient irrigation management and new investment opportunities mitigating the socioeconomic impact of the proposed SDLs
6. The Basin Plan should value and incorporate capital funding for environmental irrigation works such as those deployed by the Mallee Catchment Management Authority which has delivered efficiently and effectively environmental water under the Living Murray initiative.
7. The Basin Plan's proposed SDLs must take into account water that has already been purchased for environmental flows from the Mildura region
8. The Basin Plan must develop and address transitional measures for communities such as the Mildura region to assist with socio-economic impacts and structural adjustment from any proposed SDL, including funding for regional infrastructure priorities and new industry development.
9. There must be a transparent and equitable water purchasing process

Submission Context - Mildura Region Information

Local Economy

Mildura Development Corporation (MDC) is the peak economic development organisation for the Mildura region. We operate to develop the macro strategic industry level creating and developing positive, commercially viable climates for regional business and enterprise. Our vision is “Creating our region’s future” and it is with this in mind that we

The Mildura region includes the local government areas of Mildura Rural City Council and Wentworth Shire Council and has a population base of 60,000 people and a land area of 48,355 square kilometres, and is in a significant part of the basin, where the junction of the Murray and Darling Rivers occurs.

The Gross Regional Product (GRP) of the region is \$3 billion which is largely generated from irrigated horticulture, food processing industries, manufacturing, logistics, services and agriculture.

The region produces a significant amount of Australia’s horticulture:

- 98% of dried fruit
- 75% of table grapes
- 65% of almonds
- 24% of citrus
- 41% of pistachios
- 20% of overall wine grape crush

Food and beverage processing is a very strong industry sector with the region boasting 30 wineries along with bottling and beverage plants. As part of this sector Treasury Wines (formerly Fosters) is one of the largest employers in Mildura and the region is also home to Australian Tartaric Acid, a unique processor which recycles grape marc and grape lees, producing Tartaric Acid which is used by the wineries along with Food Grade Spirit.

Employment in the region is heavily reliant on these sectors with 12.9% of the labour force engaged in Agriculture, Fishery and Forestry (2,500 people) and 10.5% engaged in Manufacturing which encompasses the food processing sector (2,000 people). The corresponding retail sector employs 15.1% of the labour force (2,900 people). [REMPAN Data, April 2012]

As a significant irrigation district, with large volumes of fresh and processed food production, the region is also a transport hub serviced by 230 road transport and storage companies along with rail freight and the busiest passenger airport in regional Victoria that has over 200,000 passenger movements per year

Tourism is also a strong industry sector with the Murray River one of the major attractions of the region.

The Mildura region is also diversifying into clean and green energy production with two major project proposals for large scale solar power plants which will bring new investment and employment outcomes.

Irrigation in the Mildura Region

The Mildura region is known as very resilient and progressive. Commencing as an irrigation district in 1886 under the guidance and planning of the Chaffey Brothers, the region has grown as a strong horticultural centre.

There is a strong reliance on permanent plantings as opposed to annual crops and therefore a reliance on high security/reliability water. With an overall combined annual demand from Western Murray Irrigation and Lower Murray Water irrigators within the Mildura region of 500GL/year, this water services over 34,000 ha of permanent plantings.

The importance of a healthy river system has been acknowledged by the Mildura region with a focus on responsible water management and introduction of policies and directives over the last thirty or more years that would assist river systems such as:

- **the establishment and financial commitment to salinity management and interception schemes**
- **efficient on farm irrigation systems which included conversion from flood irrigation to sub-surface and drip irrigation**
- **soil moisture monitoring**
- **the establishment and growth of the Murray Freshwater Research Laboratory**
- **grower involvement with both the Lower Murray Darling and the Mallee Catchment Management Authorities**

The Mildura region is widely regarded as one of the most efficient irrigation areas in the Murray Darling catchment with strong investment in the millions of dollars utilised for improvements in on-farm irrigation technology. These fertigation and drip irrigation systems have resulted in water savings on farm of up to 2-3ML/ha.

The Catchment Management Authorities have also invested significant dollars into environmental water program delivery, particularly from the Living Murray initiative, and this has assisted in environmental flows for the Ramsar listed Hattah Lakes as well as areas such as Lindsay and Mulcra Islands. For example, the Mulcra Island project is expected to cost \$6.2 million and will construct five environmental regulators which will mimic natural flooding patterns for an area of over 800 hectares of wetlands. This will require 40 GLs of water however 35GLs of water will be returned to the river system and will be available for further re-allocation.

Mallee Catchment Management Authority and Lower Murray Darling Catchment Management Authority have both worked very hard in establishing good working relationships with the irrigation and farming communities which ensures the best outcomes for riverine environments, including management of environmental water. This has involved a consultation model which includes focus

groups; customer consultative committee's for the various irrigation areas and urban use; on farm consultation processes; engaging with the local irrigation community in determining water savings and environmental outcomes; presentation of relevant and timely information on a regular basis through newsletters and media to the general community. This model is one that could be utilised or replicated in terms of stakeholder engagement as the Murray Darling Basin Plan continues to evolve.

The Mildura region is known for its clean and green produce. Over the last ten years there has been significant growth in new horticultural sectors, particularly almonds and olives because of the availability of greenfields sites outside of the pumped districts and through the trade-ability of water. This is evidenced in Lower Murray Water's 2009-10 Annual Report where the statistics for irrigation water use show very minimal change in the section "Murray below Nyah." Total water shares in this area amount to 274 GL and total water usage equals 272GL.

The Mildura region economy has managed to sustain itself throughout the severity of the drought although there have been changes to land use patterns and evidence of structural adjustment. Unemployment rates have risen across the region as evidenced by ABS data recently released from the National Regional Profile series:

Unemployment Rate(%)

Mildura(RC) – Pt A (Statistical Local Area)

2008	2009	2010	2011
7.7	8.6	9.1	7.1

Mildura(RC) – Pt B (Statistical Local Area)

2008	2009	2010	2011
3.3	4.7	4.9	3.6

Wentworth (A) (Statistical Local Area)

2008	2009	2010	2011
7.4	8.0	9.4	9.5

With the impact of drought over the last ten years, and in particular with reduced water allocations in the last four years, the Mildura region has seen continuing structural adjustment in horticulture.

The 2009-2010 Irrigation Status Report across Four Pumped Districts from the Mallee Catchment Management Authority states the following:

"In the 2009-10 irrigation seasons 32% (5,180 hectares) of the irrigable area was not irrigated" (p.11)

In a separate report which considers the Private Diverters the statistics show that 17% of irrigable area was not irrigated (p.6)

The 2011 Irrigation Status Report lists the following changes and updates to the above:

"The not irrigated area...then decreased slightly to 31% (4,940 hectares) in 2010-2011."

"The area irrigated in each of the districts has improved slightly since the 2009-2010 season...this is largely due to development of table grape plantings."

Irrigation Management

The local Victorian water authority, Lower Murray Water has an infrastructure proposal being considered by the Federal Government to modernise the existing delivery channel system for these areas – Sunraysia Modernisation Project. **Government funding of \$103 million is proposed to assist with the delivery of pressurised and upgraded water delivery systems within the pumped districts**

Lower Murray Water has a bulk water entitlement of 440GL which equates to just over half the amount of annual losses that the Goulburn Murray system was experiencing prior to NVIRP Stage One. LMW irrigation district extends across 26,450 hectares of which there is an irrigable area of 17,480 hectares.

Reduced water allocations owing to drought combined with a decline in global commodity prices, has resulted in water sold or traded to other participants in the water market, including the Government as part of its buyback objectives for the environment. This can be evidenced by data contained in the Lower Murray Water 2009-10 Annual Report.

District/Area/Waterway	Total Water Shares(ML)	Total Usage(ML)
Red Cliffs	41,190	25,082
Robinvale	22,966	16,384
Merbein	28,116	15,142
FMD	72,983	30,425
Murray below Nyah	274,351	272,113
TOTAL	439,606	359,146

Western Murray Irrigation is responsible for irrigation water management in NSW and holds an entitlement of 61GL of high security water of which 30GL is delivered annually to irrigators. The irrigation system for delivery was completely upgraded from channels to pipes some years ago and this has resulted in further water savings in the Mildura region.

Irrigators across the Mildura region have adapted water efficient technology with statistics indicating that over 70% of irrigators in the pumped districts of LMW utilising drippers or low level sprinklers. Similarly over 84% of private diverters from Nyah to the South Australian border utilise drippers or low level sprinklers.

Investment Conditions

The current status of the Murray Darling Basin Plan has created uncertainty for those currently involved with irrigated horticulture in the Mildura region creating further uncertainty for financial institutions, complementary small businesses and for new investors.

Adrian Rizza documents this scenario quite clearly in his report to the MDBA contained in “The potential effects of changes to water allocation policy on financing the agricultural sector and business in the Murray Darling Basin”.

According to Rizza, the Mildura region is one that will suffer financially and economically if there is no clarity provided around the mechanism of water buybacks and SDLs within the transition phase, as well as clearly enunciating the long term impacts.

The major banks have also expressed concerns about the potential of reduced productive capacity of irrigated horticulture and associated processing sectors with the introduction of SDLs and the reduction in loan funding that will then be available to these sectors, or higher margins associated with funding to cover higher risks.

Banks, at the time of drought, were assessing their exposure to irrigation across all regions within the Murray Valley and expressed serious reservations in terms of loaning any further funding for restructuring.

Since the drought has broken, there has been a little more flexibility, however banks are still indicating some reservations with some of their clients.

Current statistics from Sunraysia Rural Counselling Service suggests that there are 800 farmers within the Mildura region carrying over \$1 million in debt each, borrowing throughout the drought to maintain their irrigated properties.

Work undertaken by Judith Stubbs and Associates in 2010, indicated the vulnerability of the Mildura region in terms of community resilience and wellbeing, citing that these indicators do not compare favourably with the MDB average of areas, and are generally much less favourable than the national statistics.

Conclusion

With this background information it is clear that the Mildura region is very dependent on water security and water availability and that our economy is largely driven by irrigated horticulture and associated food processing. It is also clear that this region has been very conservative with water usage and has adapted water saving and efficient practices which have benefited river and environmental health. With predicted world food shortages, this region has a range of opportunities to continue to grow its food production sector however this would be significantly constrained by any severe irrigation cutbacks.

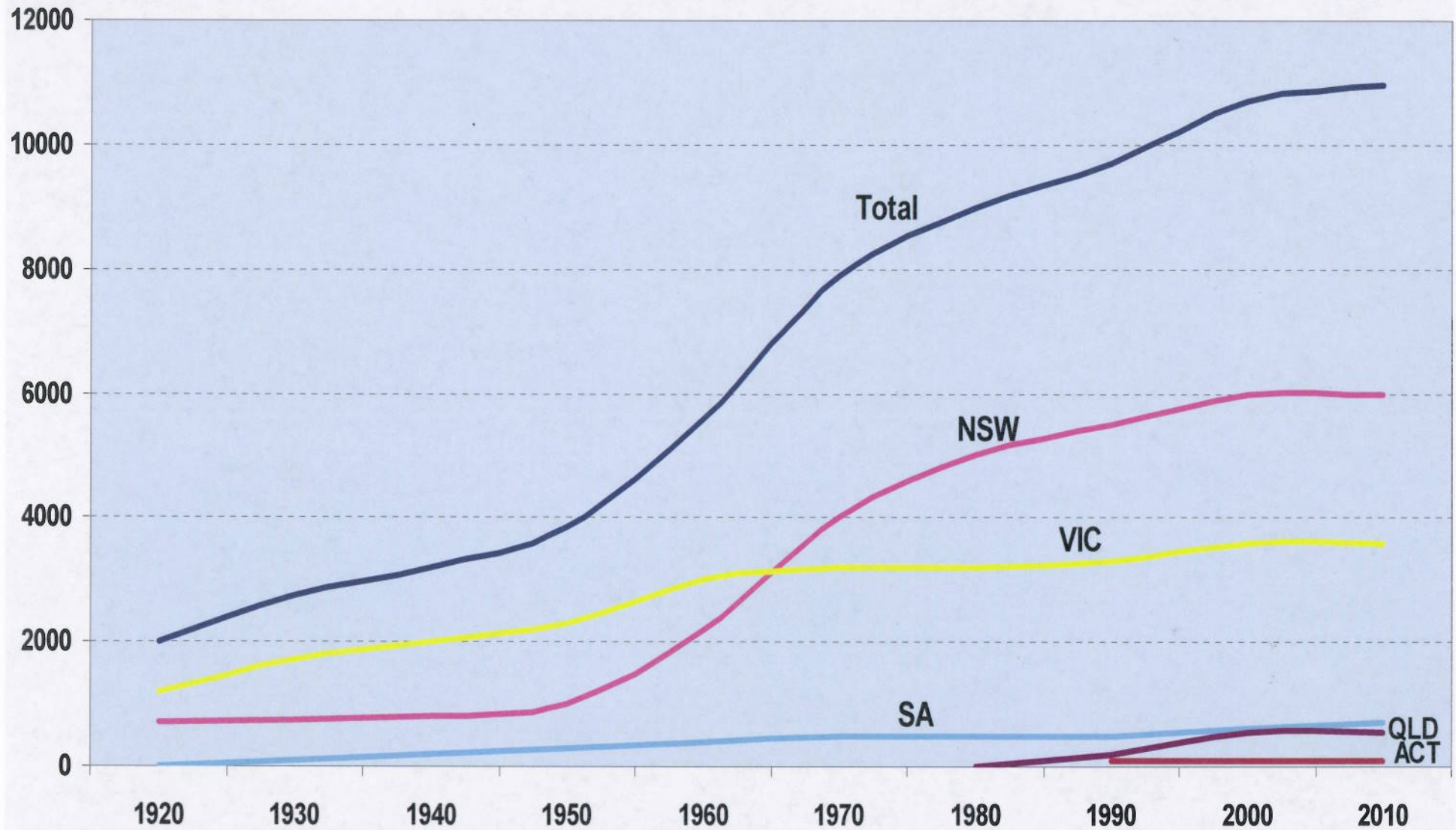
The proposed plan needs to take into consideration and optimise social and economic conditions to facilitate innovative and sustainable food producing communities across the Murray Darling Basin as well as healthy river systems. If assessing these principles requires a review of the Water Act 2007, then this must also be addressed.

Background Data and References.

A range of data and research work was evaluated and utilised as part of this submission

- ABS National Regional Profiles – Mildura Region
- Mildura Region Economic Profile 2009 – Mildura Development Corporation
- Lower Murray Water Annual Report 2009-2010/ Lower Murray Water website (www.lmw.vic.gov.au)
- Western Murray Irrigation www.westernmurray.com.au
- Mallee Catchment Management Authority
- Lower Murray Darling Catchment Management Authority
- Mildura Rural City Council
- Local commodity groups
- Judith Stubbs & Associates: Exploring the relationship between community resilience and irrigated agriculture in the Murray Darling Basin: Social and Economic impacts of reduced irrigation water. July 2010.
- AEC Group, Mildura Social and Economic Impact of Drought – Mildura Rural City Council. September 2009.
- Adrian Rizza: The potential effects of changes to water allocation policy on financing the agricultural sector and businesses in the Murray Darling Basin. Report to the Murray Darling Basin Authority. October 2010.

South Australian River Communities





South Australian River Communities

Meeting with

MDBA

September 2011





South Australian River Communities

We are a high risk community

under the revised economic modelling

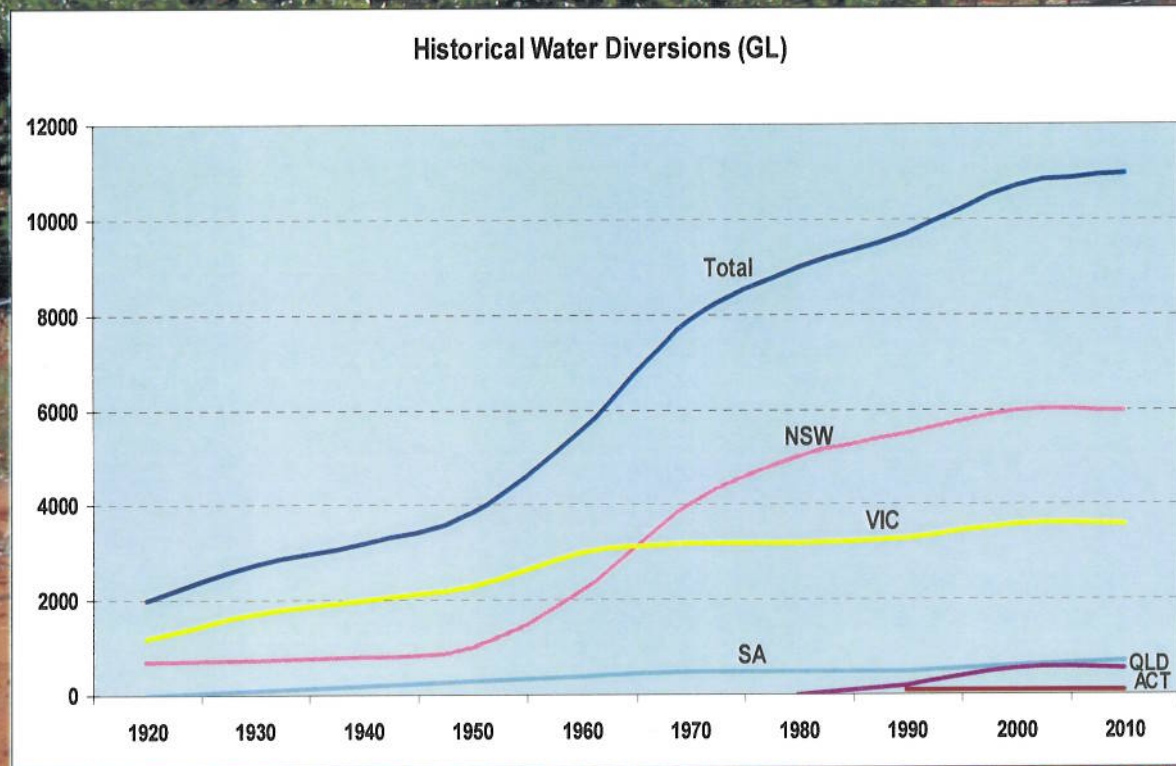


South Australian River Communities



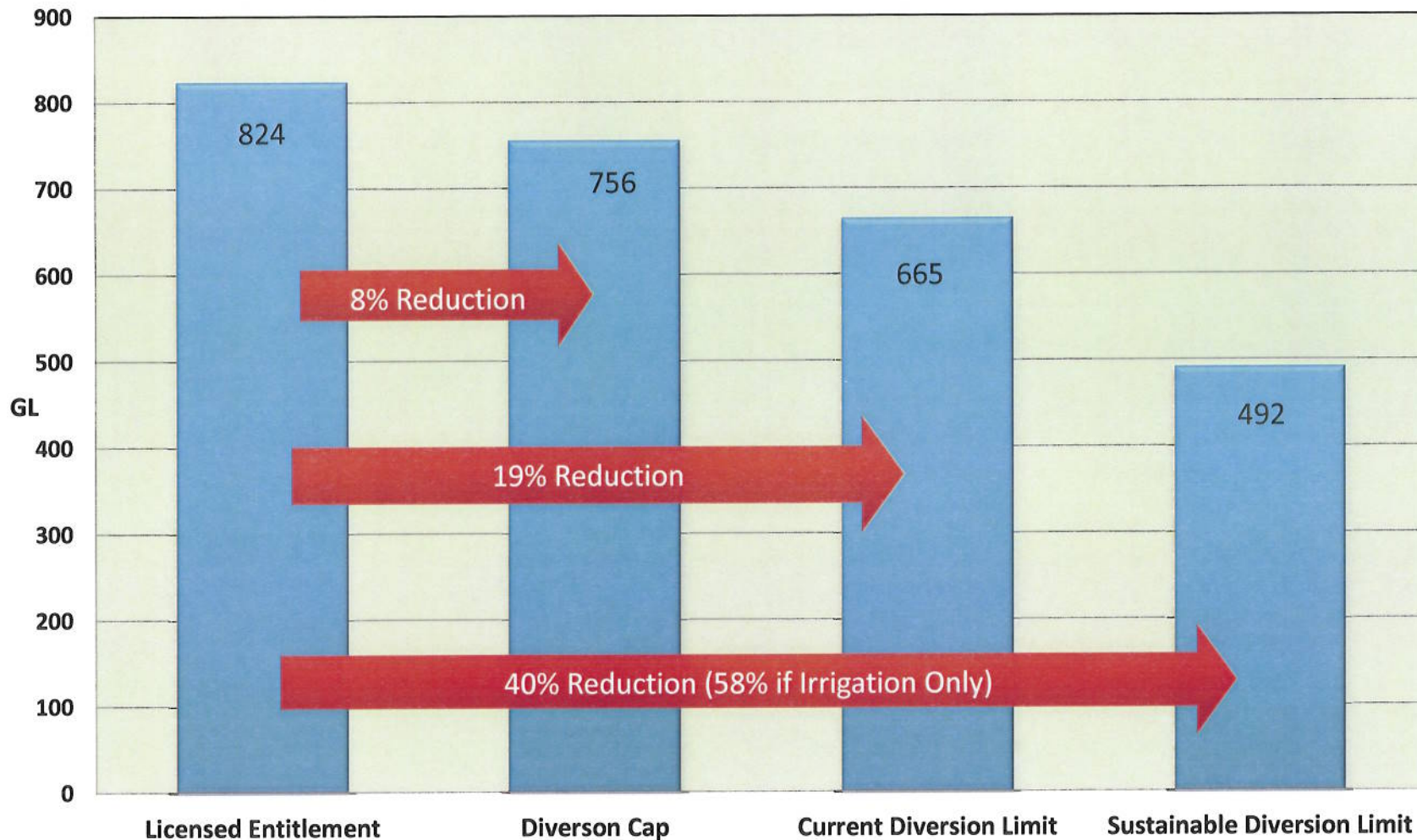
South Australian River Communities

SA operates within Caps established in 1968 and has developed through innovation and water efficiency



South Australian River Communities

Reductions in SA Entitlements Basin Plan Scenario 1 SDL



South Australian River Communities

Long Term Diversion Cap compared to Current Diversion Limit (GL)

	Long Term Diversion Cap (GL)	Basin Plan Current Diversion Limit (GL)	% Reduction
SA Murray	756*	665	13.1%
NSW Murray	1880	1721	8.5%
VIC Murray	1702	1692	0.6%

* Adjusted for net permanent interstate water entitlement trade

South Australian River Communities

SA Current Diversion Limit In Proposed Basin Plan

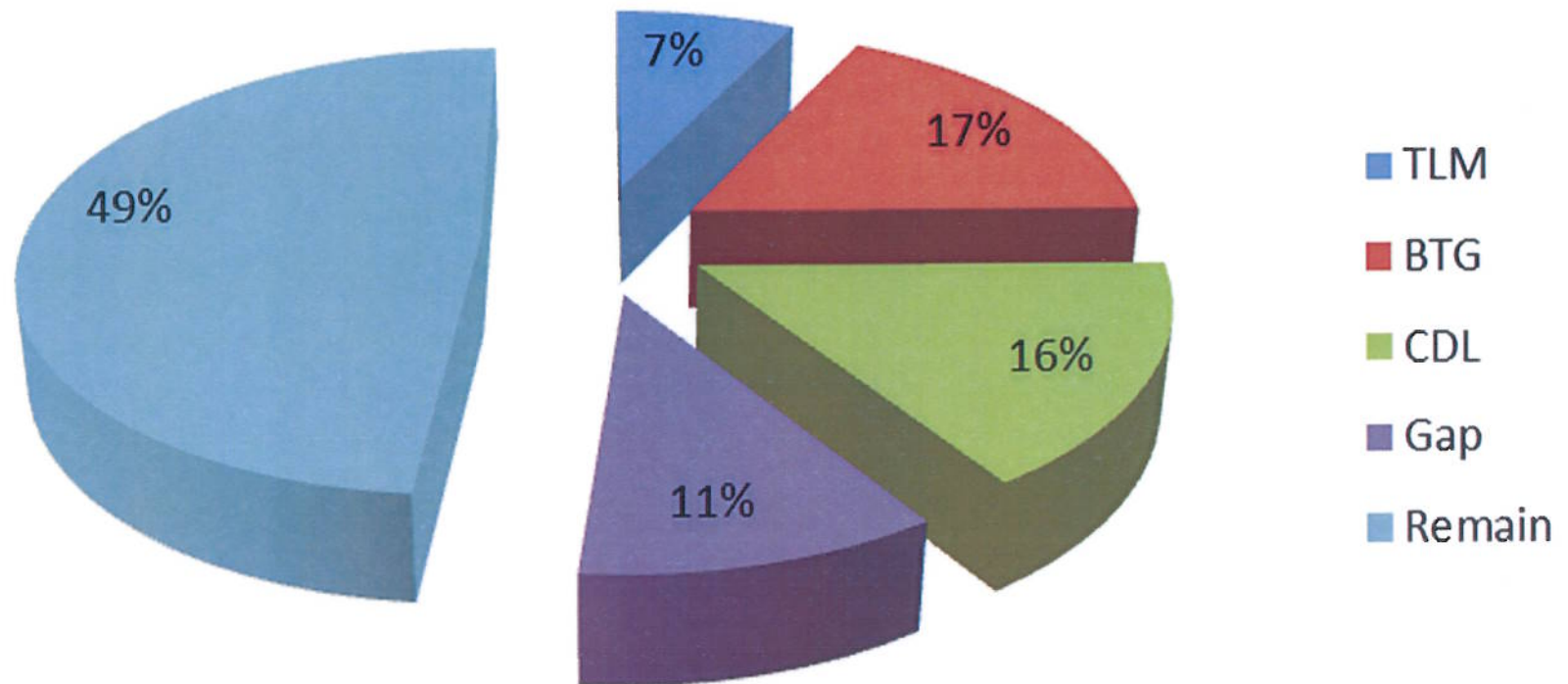
	CAP (GL)		
	WAP	MDB Agreement	Current Diversion Limit (Basin Plan)
Urban Adelaide	130.0*	130.0*	100
Country Towns	50	50.0	48.0
Lower Murray Swamps	644.1	53.8	50
All Other Purposes		522.7	467.0
Total	824.1	756.5	665.0[#]

*Nominally 130 GL with the actual cap being a rolling 5 yearly 650 GL limit

Excludes approx. 36 GL held for "The Living Murray" purposes

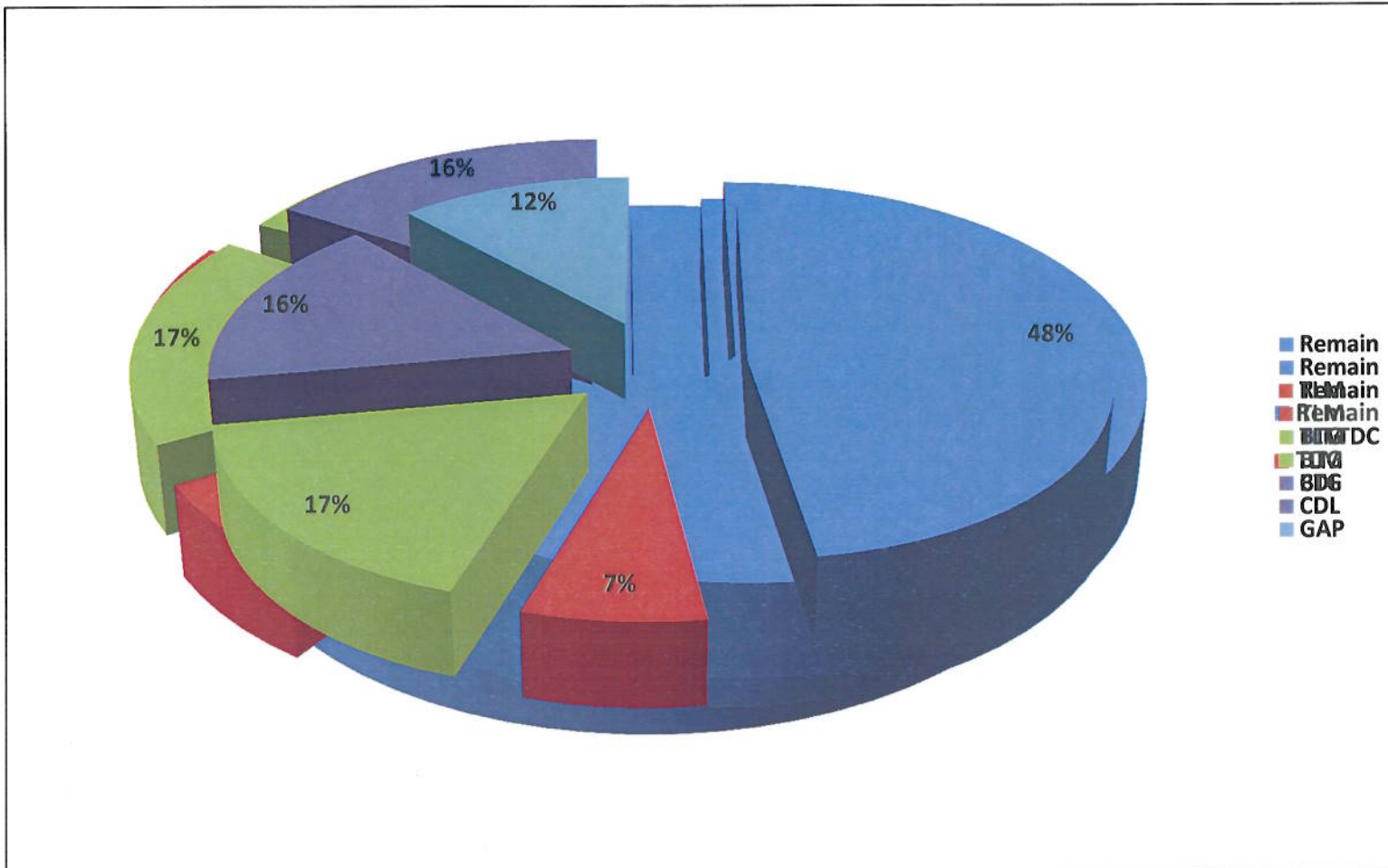
South Australian River Communities

SA Entitlement excluding SA Water



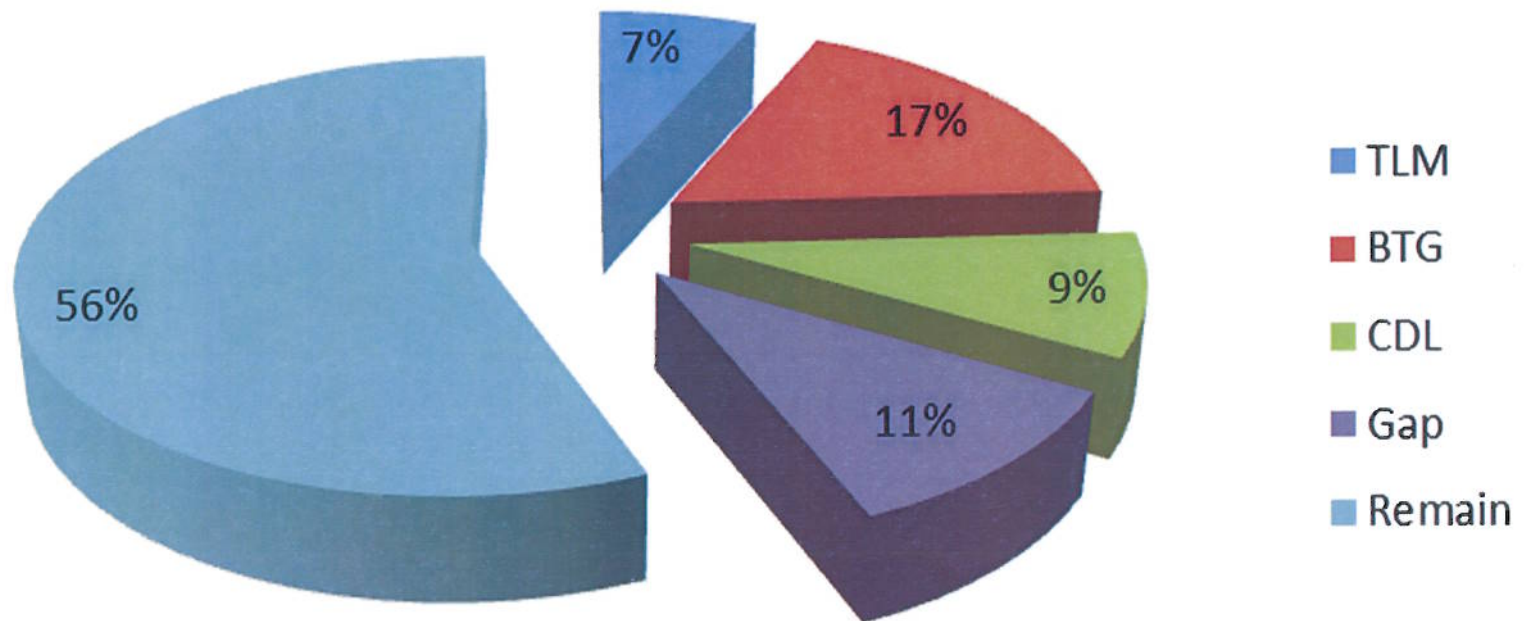
South Australian River Communities

SA Entitlement excluding SA Water



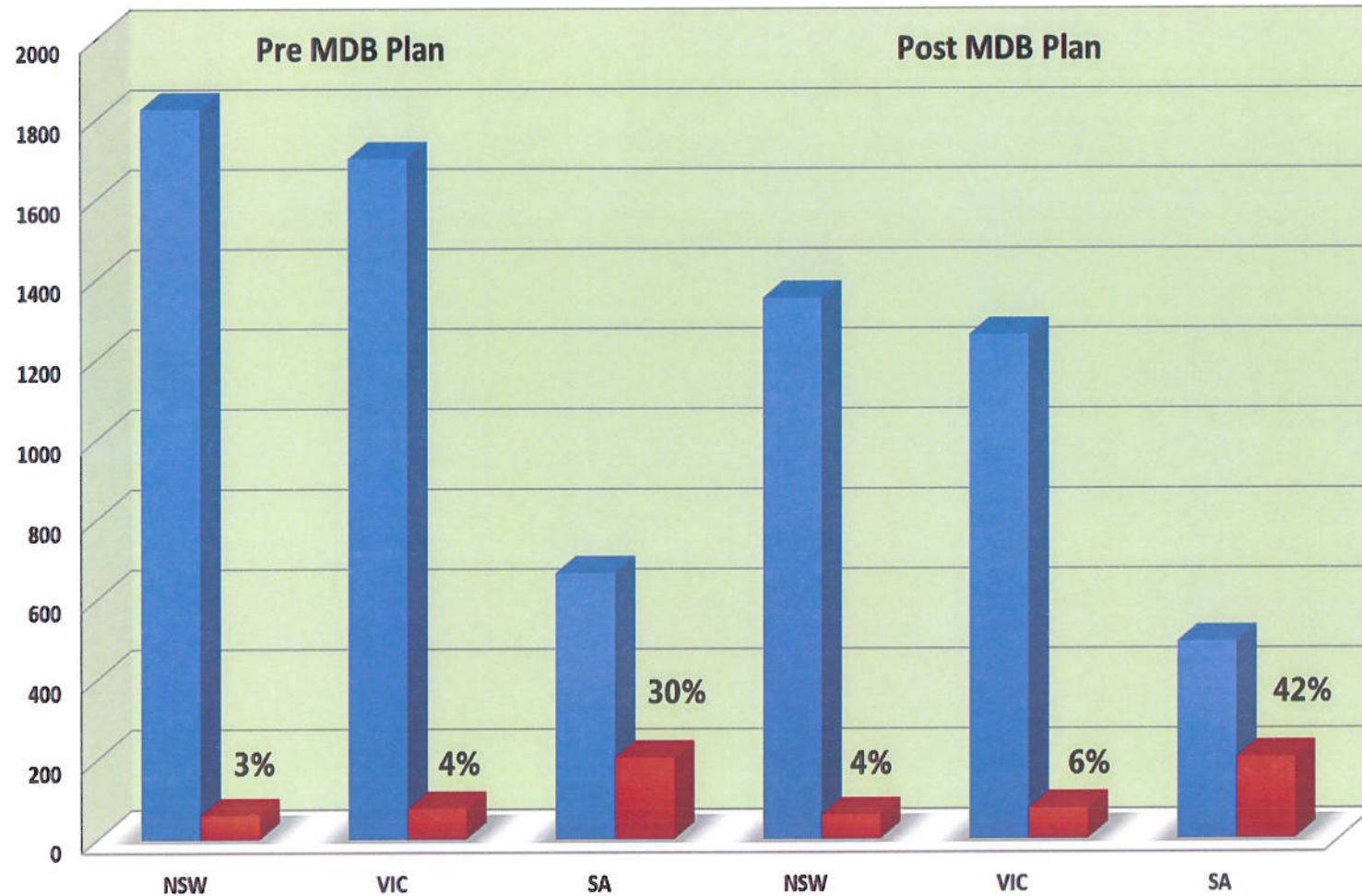
South Australian River Communities

SA Entitlement excluding SA Water

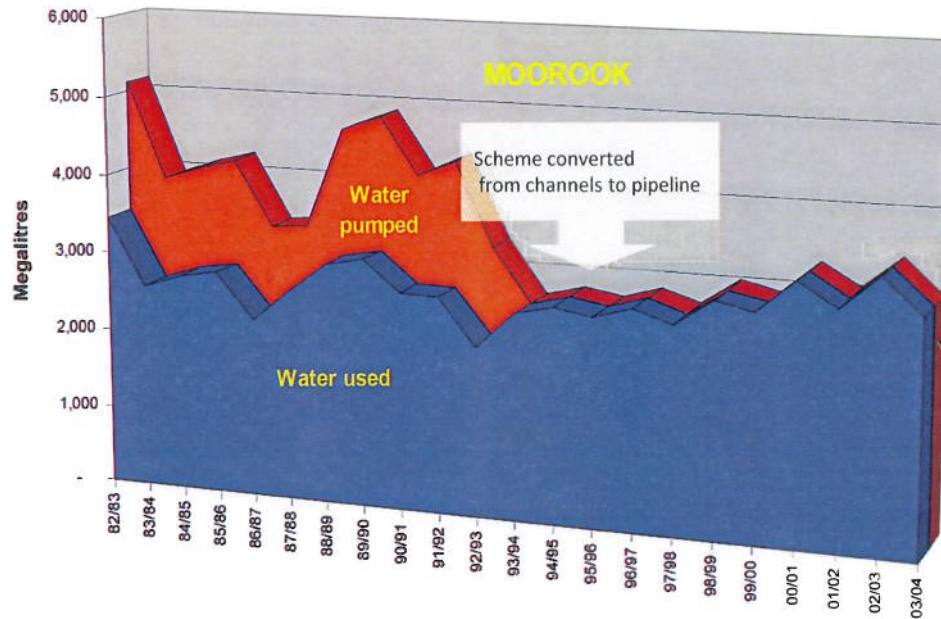


South Australian River Communities

Urban Water Use has a large Impact for SA Irrigators - % of Critical Human Needs Vs. Total Diversions Basin Plan Scenario 1



South Australian River Communities

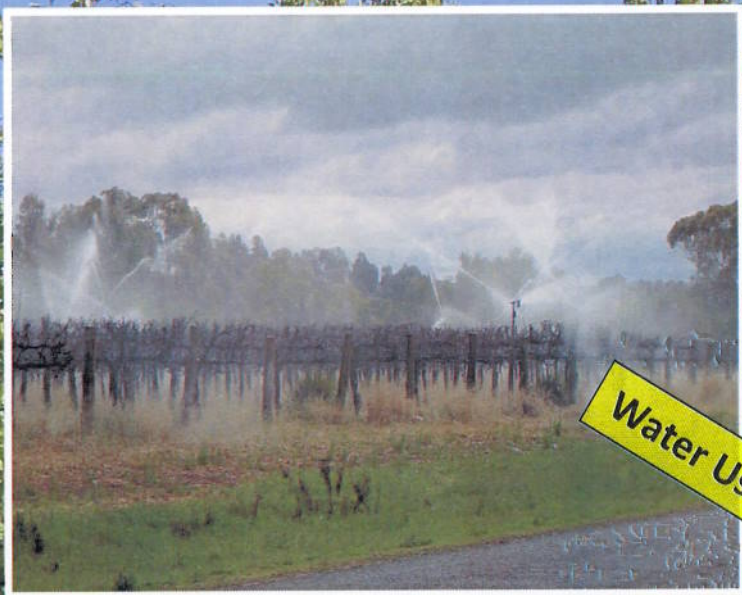


Water savings through water distribution system upgrades offset SDL reductions (already achieved in SA)



South Australian River Communities

Water savings through on-farm upgrades can offset SDL reductions. In SA most of these savings have been achieved



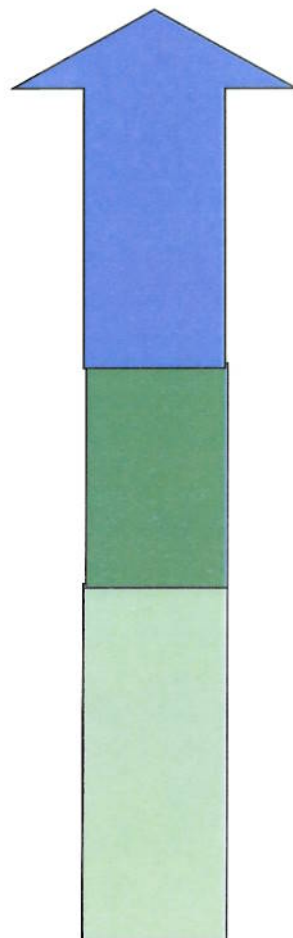
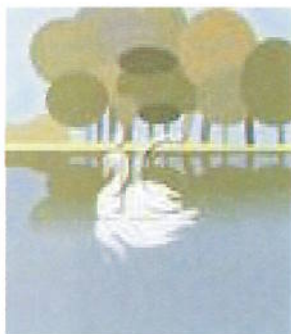
Water Use Efficiency Upgrades



South Australian River Communities

SDL Solutions

3,000 GL
Target






Environmental Efficiencies,
Environment and State
Government Water
Entitlements

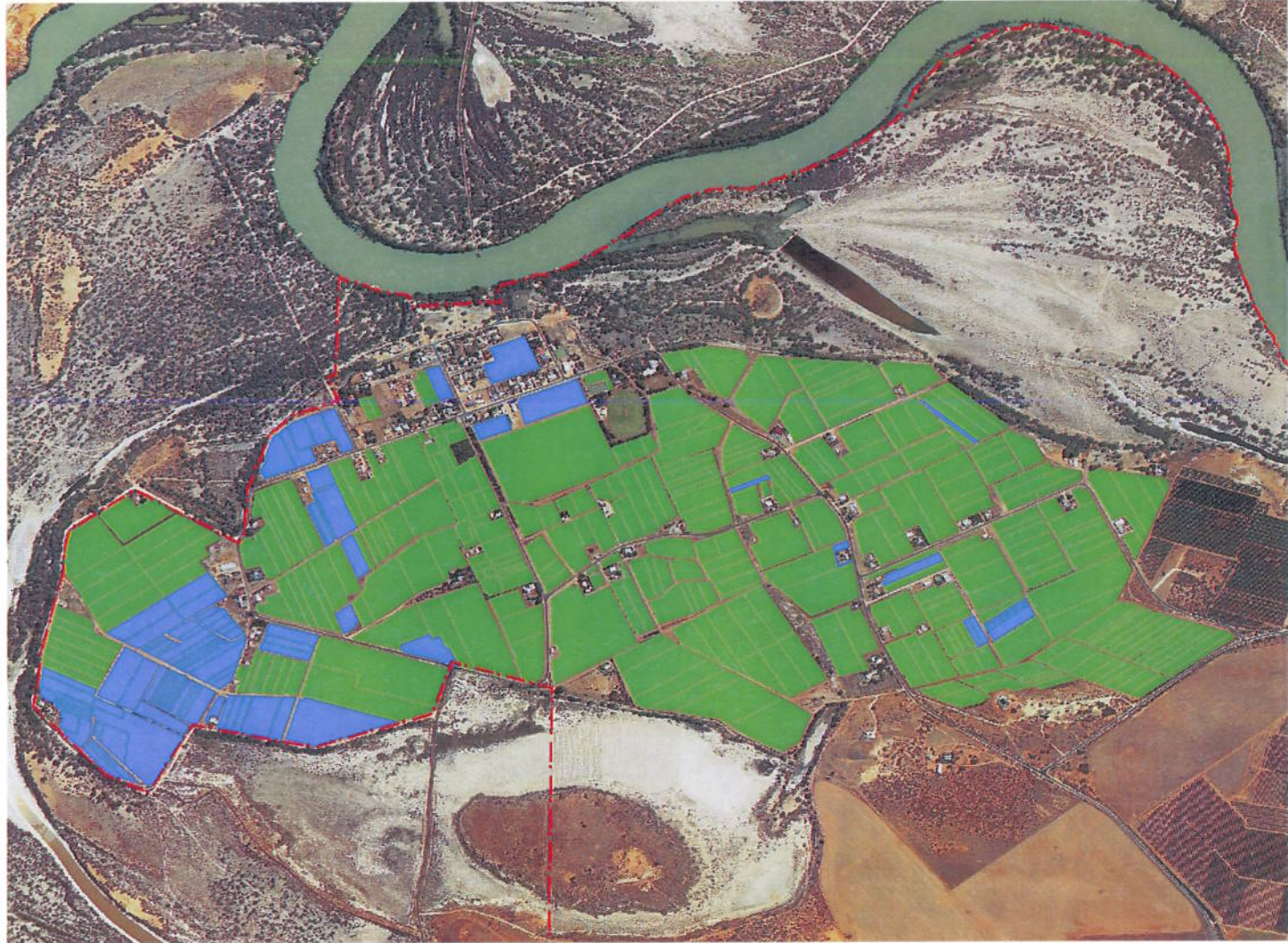
Current Water Buyback

Upgrade water delivery and
irrigation infrastructure – re-
plumb Australia

Lyrup Village - Irrigated

Legend

-  Irrigated
 -  Not irrigated
 -  District boundary
- boundary



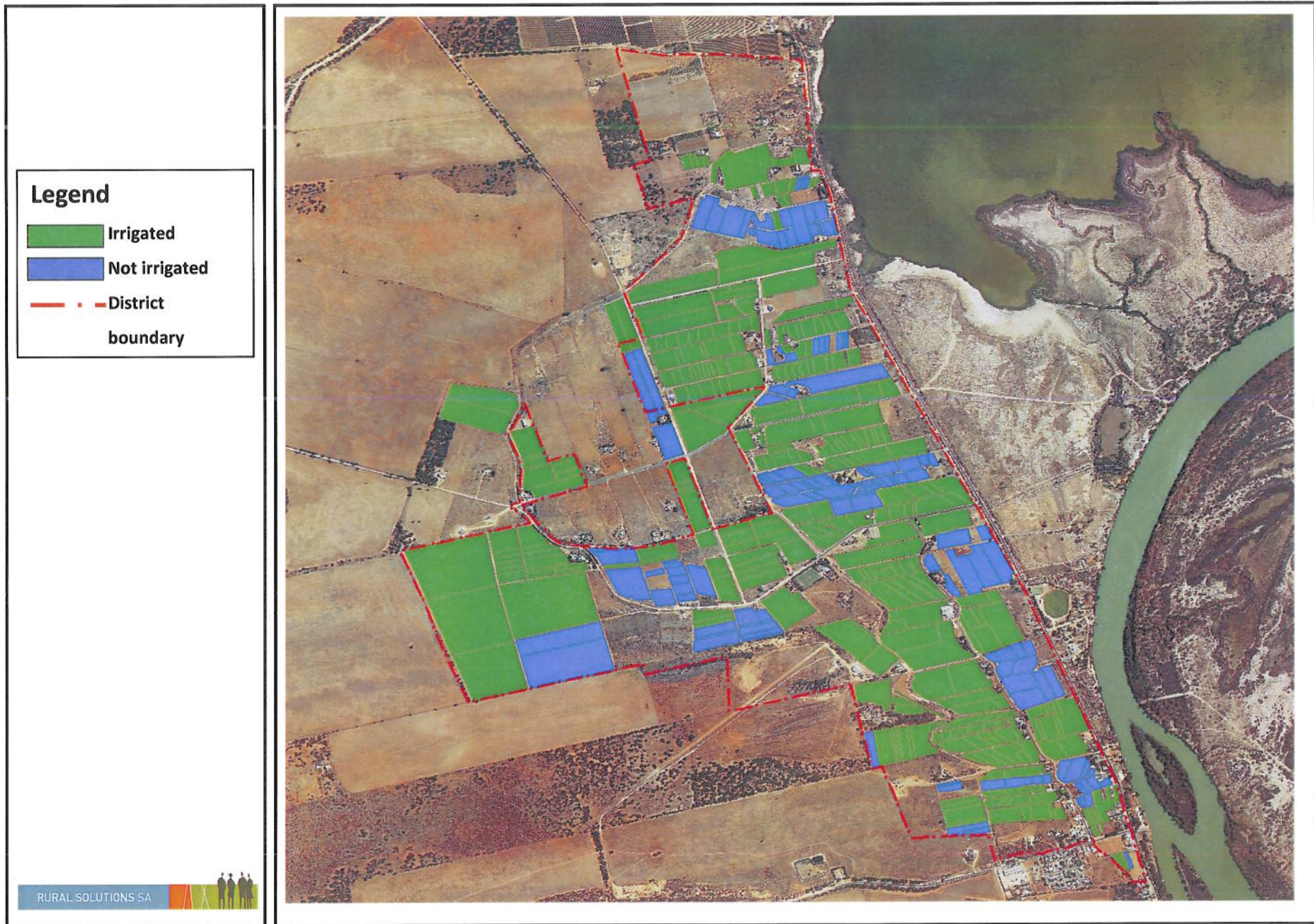
RURAL SOLUTIONS SA



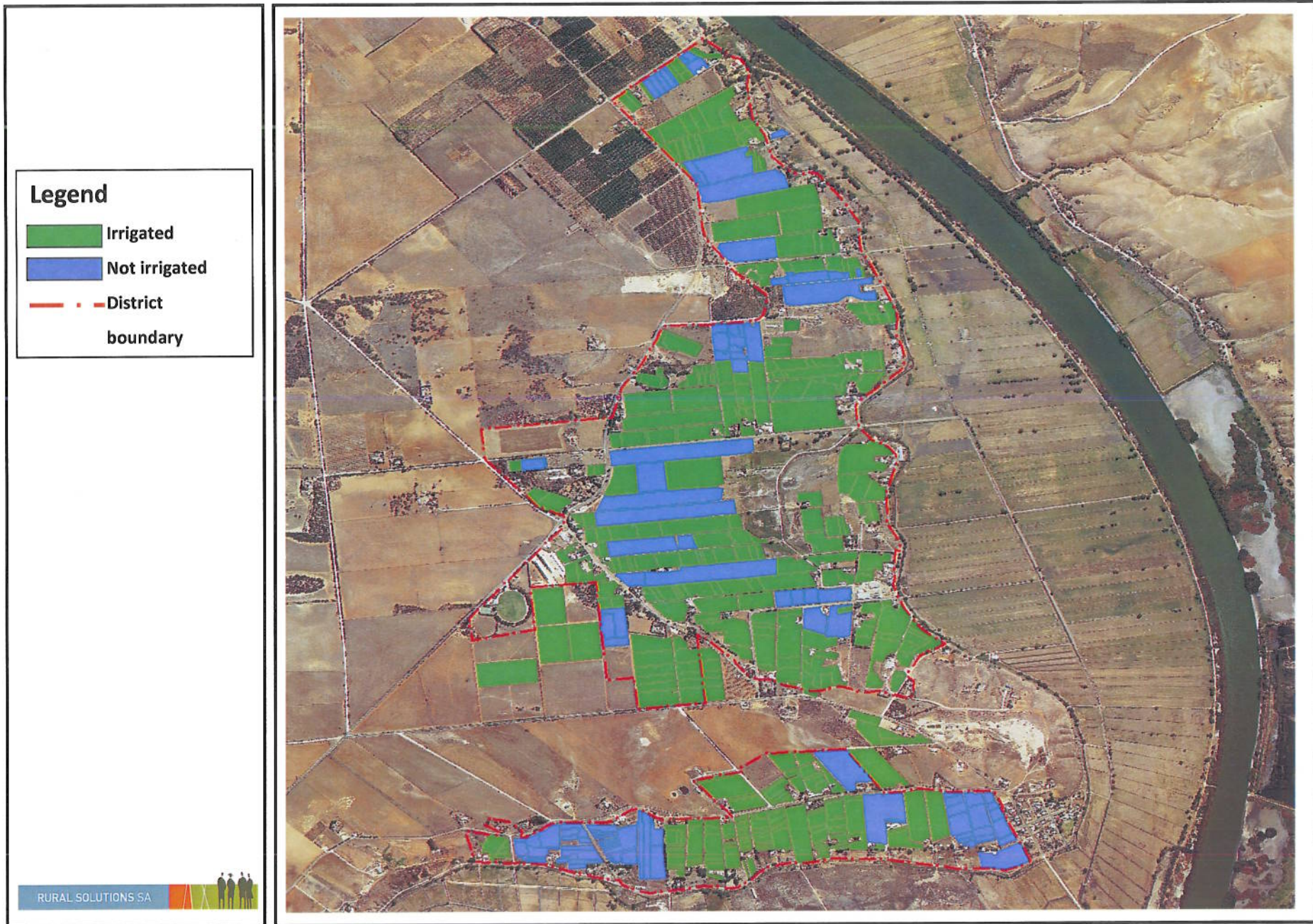
Government of South Australia
Primary Industries and Resources SA



Moorook IA - Irrigated






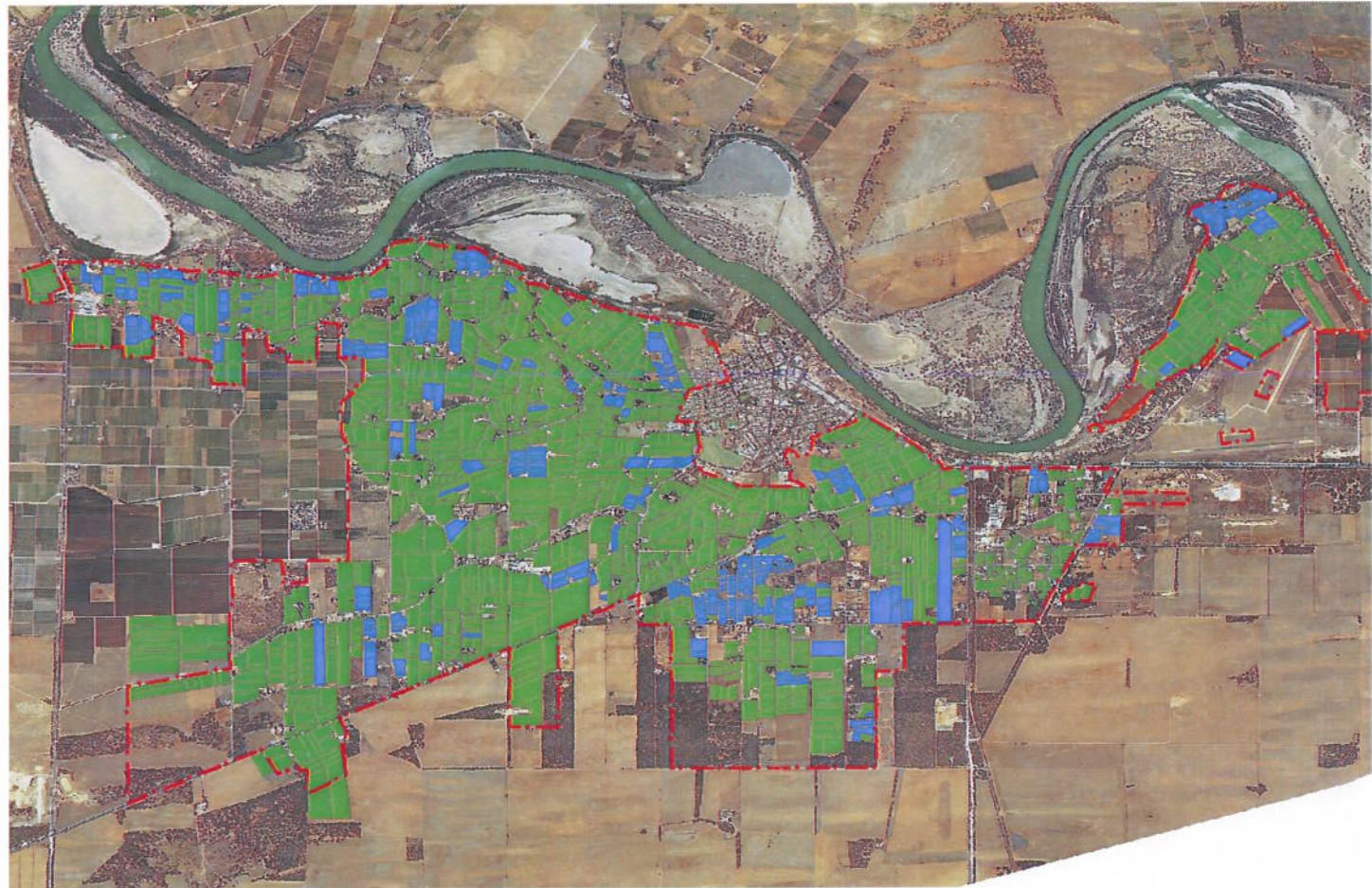
Myponlonga IA - Irrigated



Waikerie IA - Irrigated

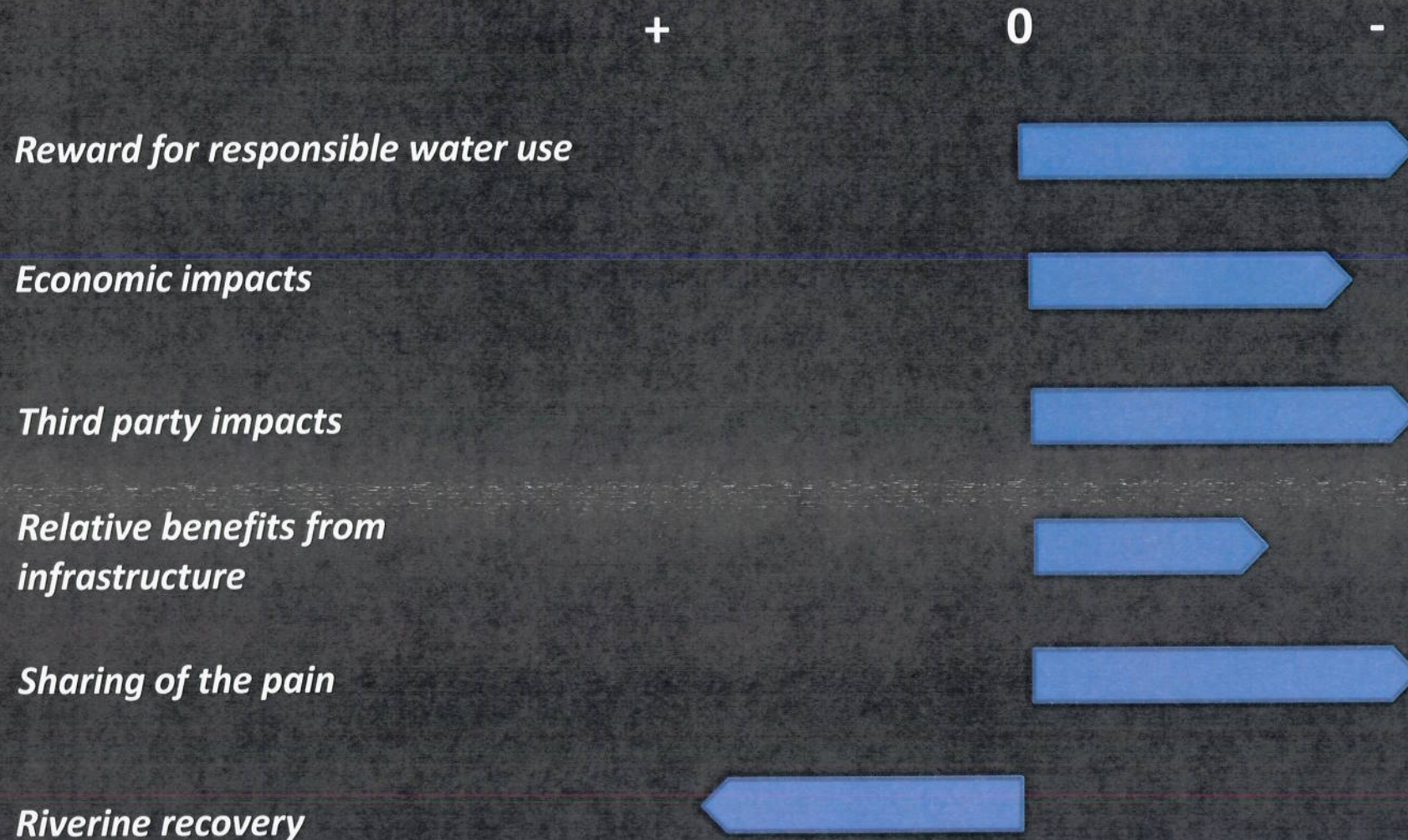
Legend

-  Irrigated
 -  Not irrigated
 -  District boundary
- boundary



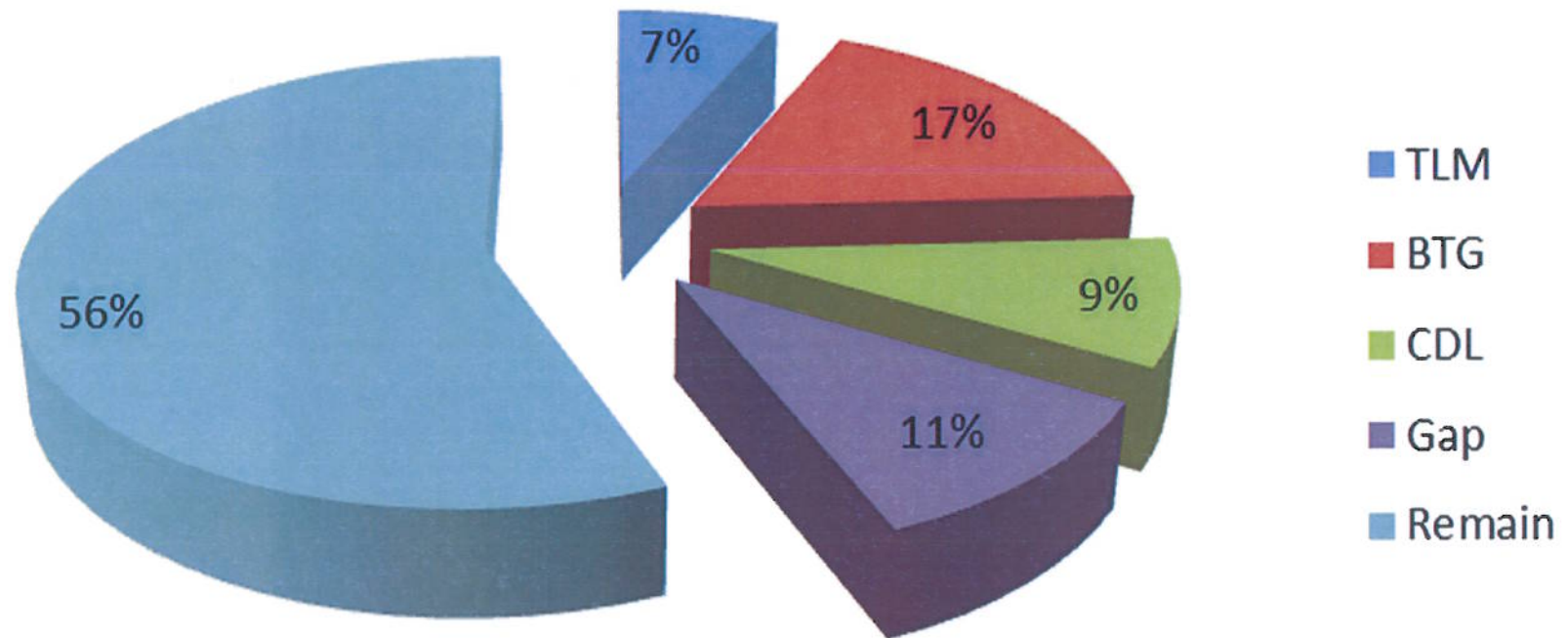
South Australian River Communities

Community Feeling on the MDBA Plan



South Australian River Communities

SA Entitlement excluding SA Water

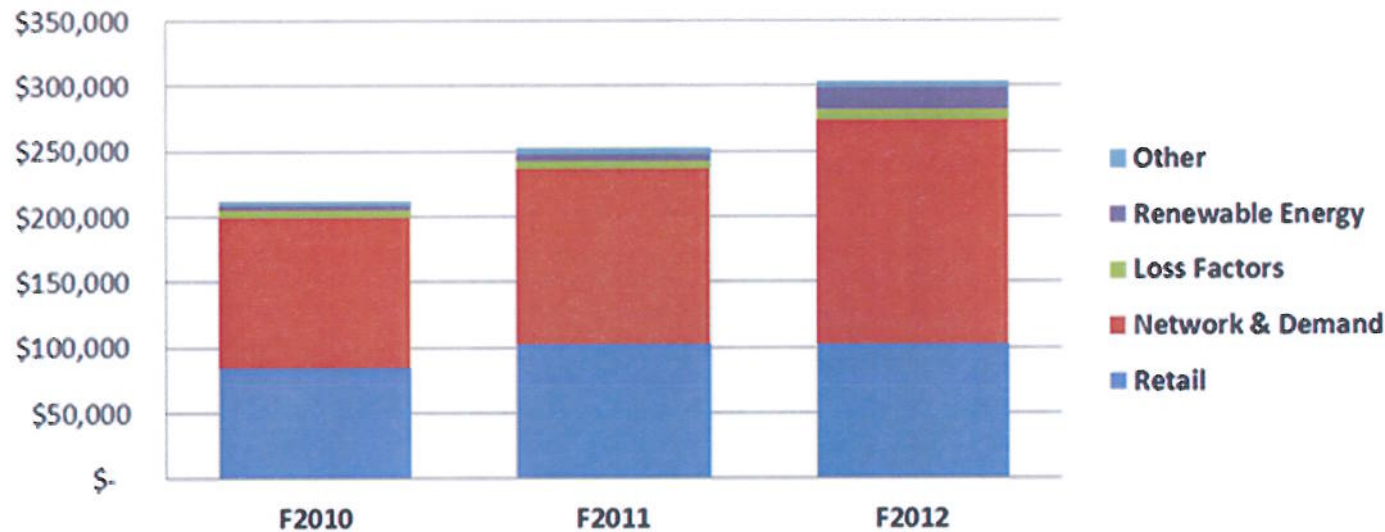


South Australian River Communities

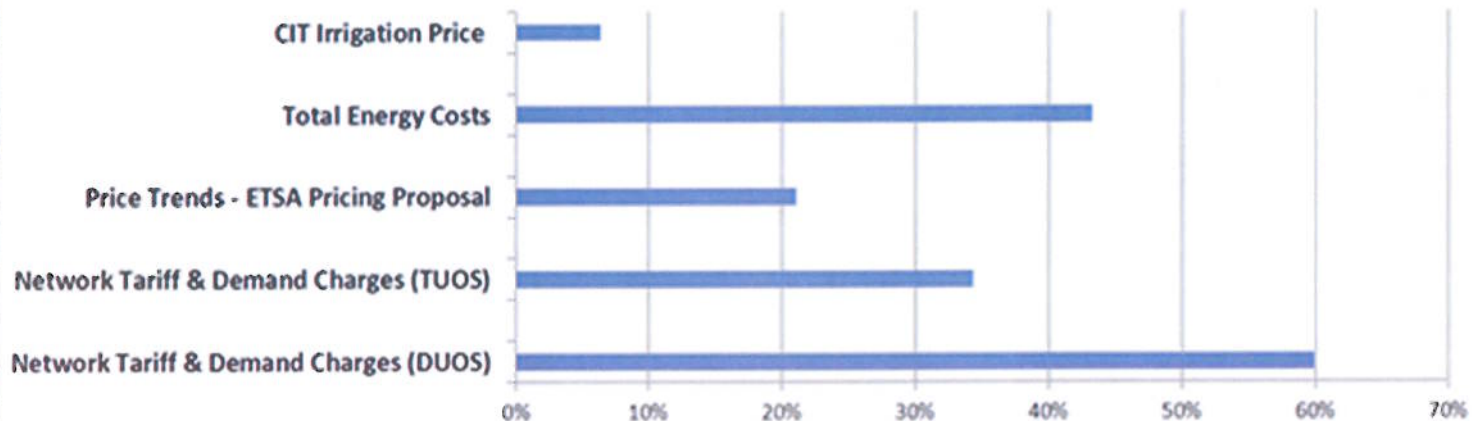
A concerned and at risk community

South Australian River Communities

Waikerie Pumping Station Electricity Cost






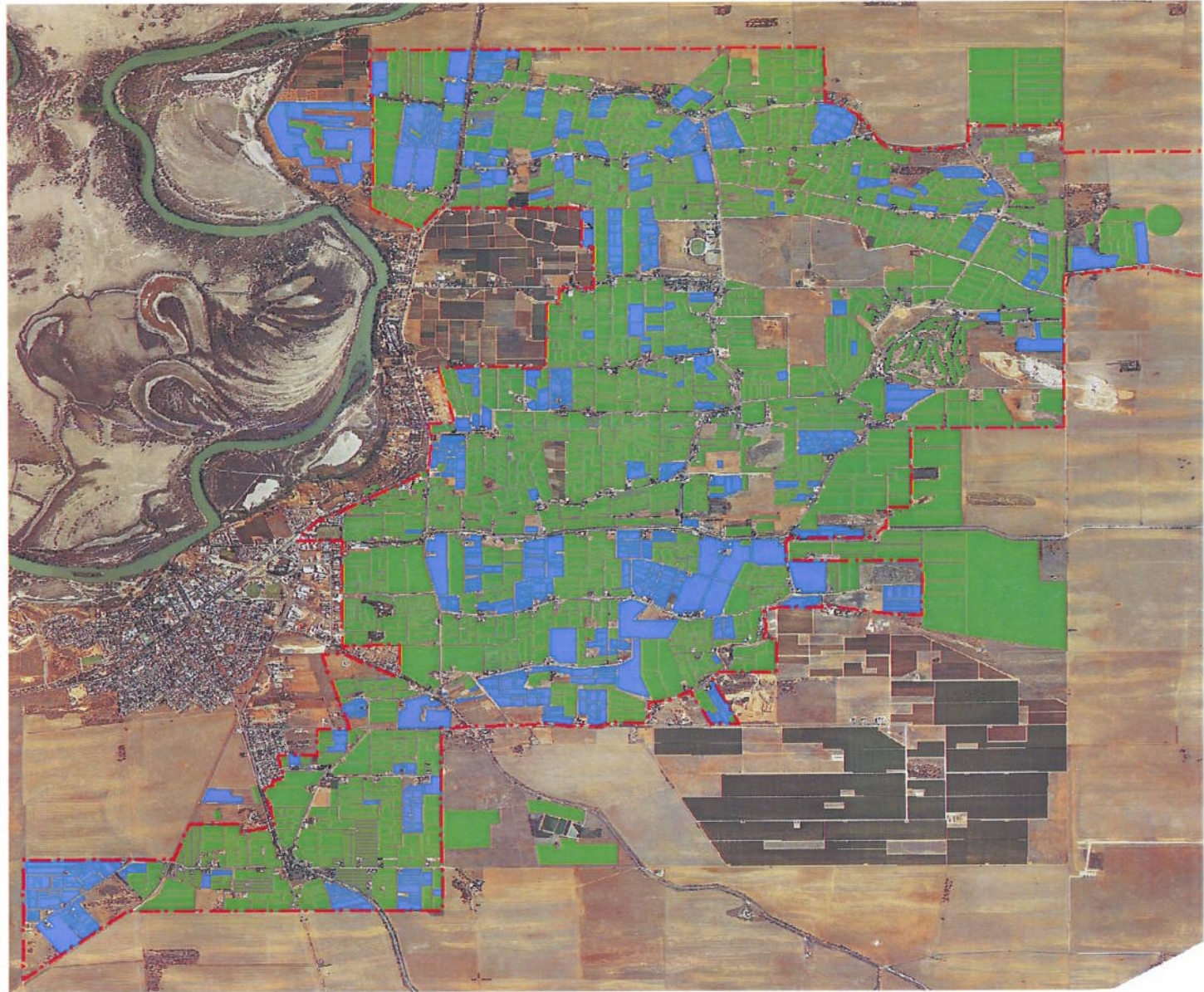
Waikerie Pumping Station % Price Increase F2010 - F2012



Loxton IA - Irrigated

Legend

-  Irrigated
-  Not irrigated
-  District boundary



RURAL SOLUTIONS SA






Government of South Australia
Primary Industries and Resources SA



Kingston IA - Irrigated

Legend

-  Irrigated
 -  Not irrigated
 -  District boundary
- boundary



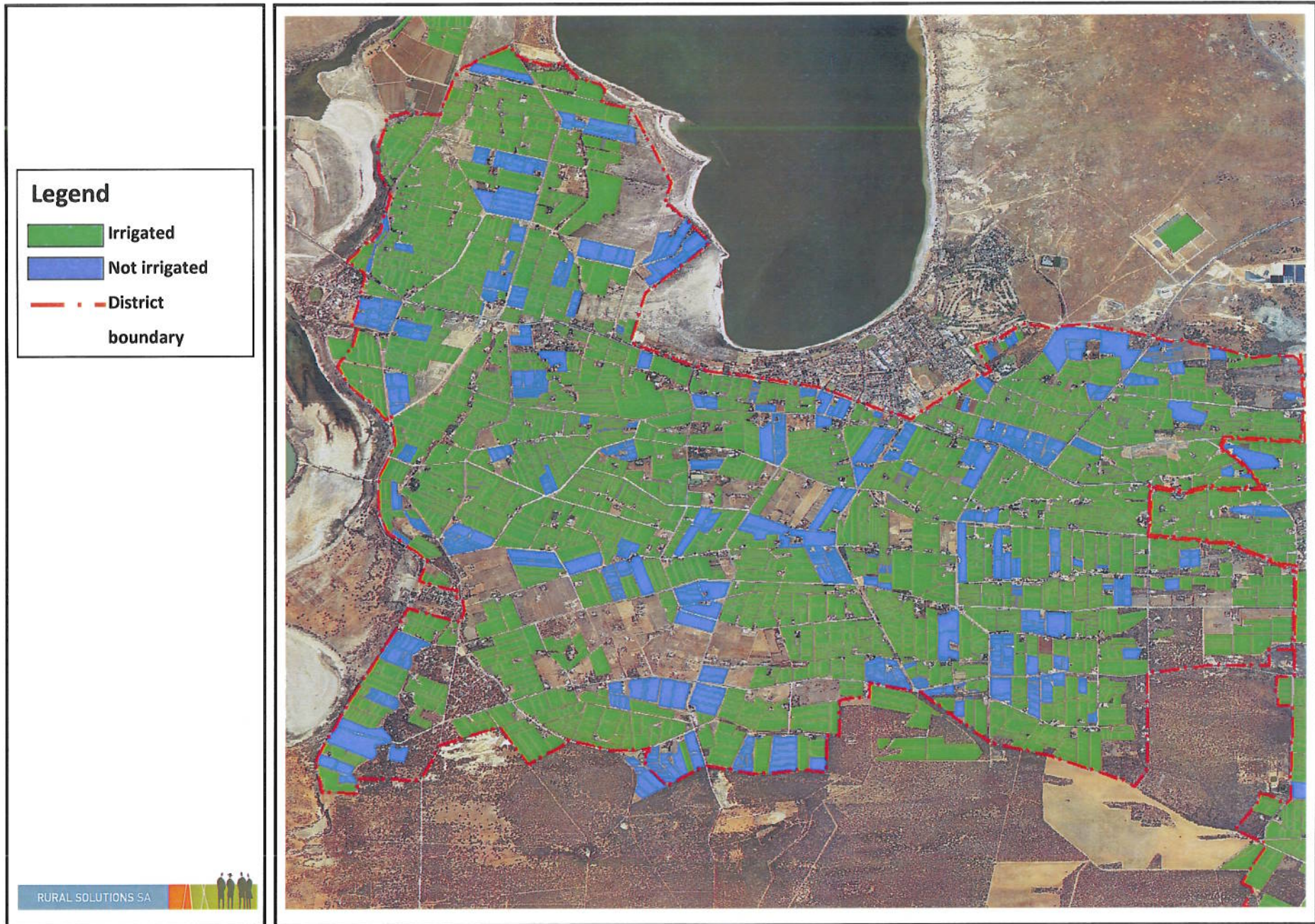
RURAL SOLUTIONS SA



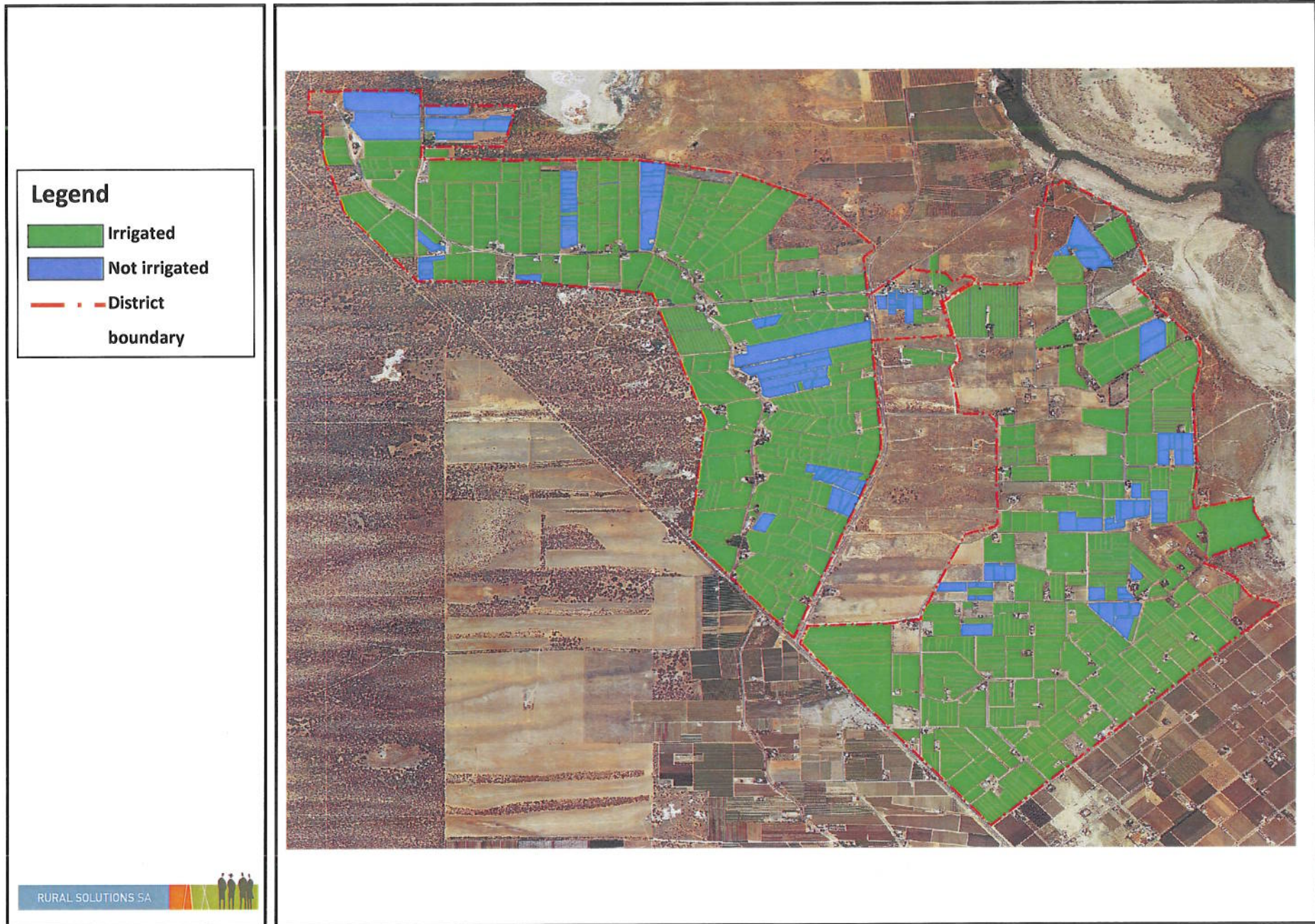
Government of South Australia
Primary Industries and Resources SA



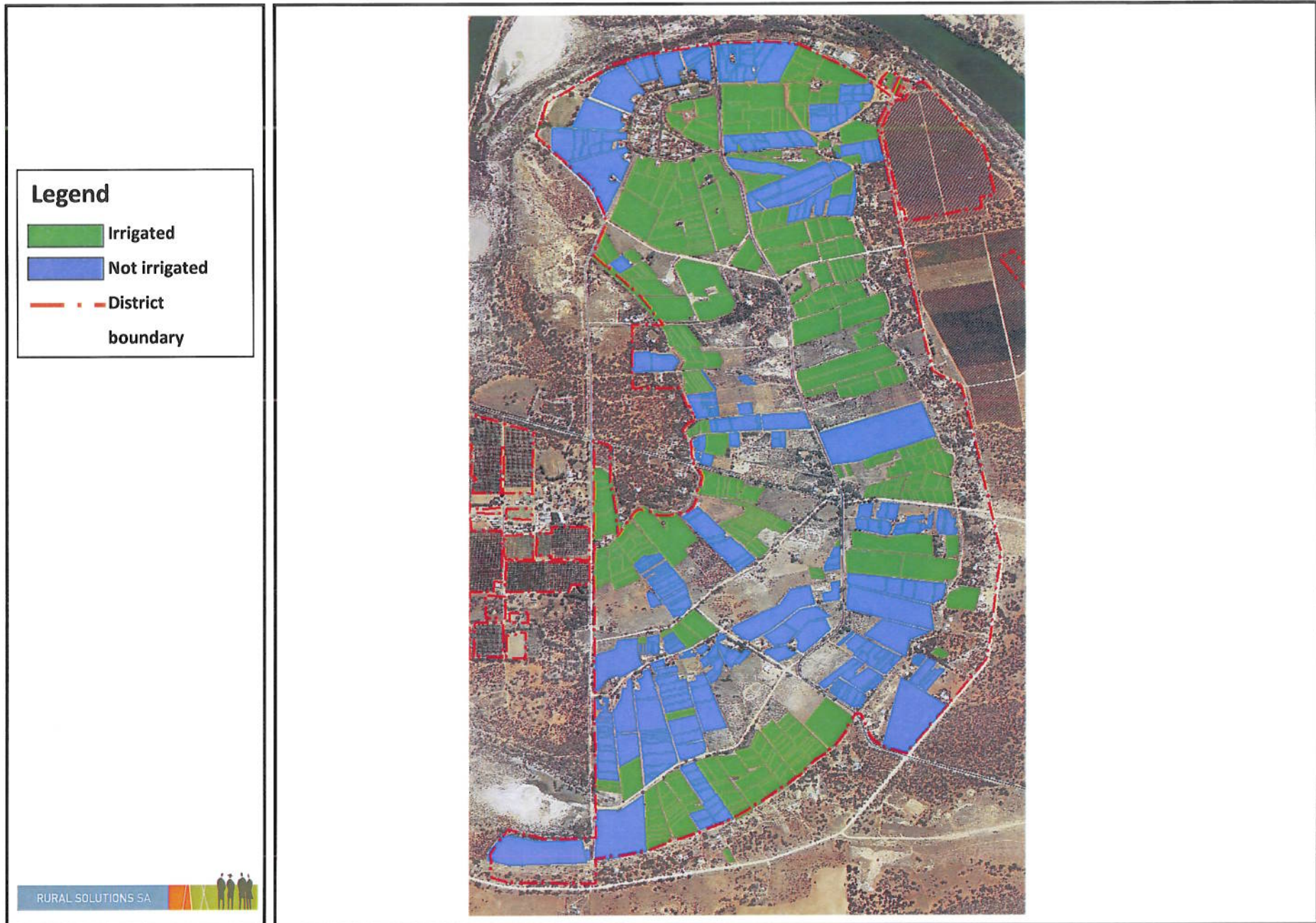
Cobdogla IA - Irrigated



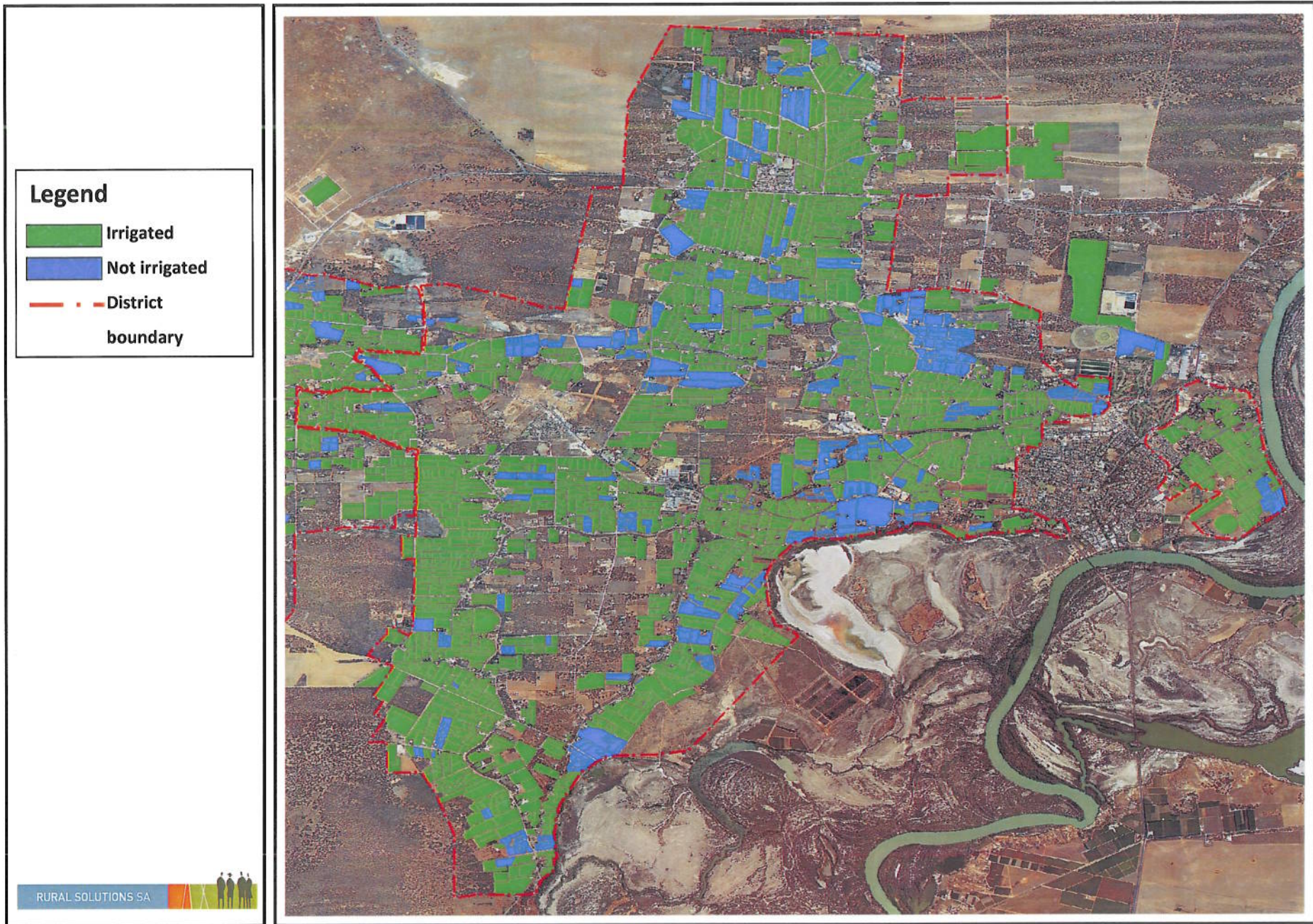
Chaffey IA - Irrigated



Cadell IA - Irrigated



Berri IA - Irrigated



SARC Position Paper on the Murray Darling Basin Plan - 2011

CONFIDENCE IN THE FUTURE- Water Security

After the introduction of the plan we expect our water entitlements to remain as 1 share equals 1 kilolitre every year that South Australia receives its entitlement flow of 1850 gigalitres. This will give our region and businesses confidence to invest in the future.

Issues identified

- Baseline Diversion in the Plan is significantly lower than Allocated Water Entitlements in South Australia

Solutions

- Increase the MDBA Baseline Diversion to Reflect the Current Murray Darling Basin Cap
- Increase the save the River Murray Levy to fund purchase of the State induced gap

REWARD FOR RESPECTING THE RIVER AND ITS WATER RESOURCE

South Australians have always respected the water resource and capped its extractions in 1969. We demand to be rewarded for such respect. South Australia also has modern infrastructure where the opportunity to make water savings is limited.

Issues identified

- MDBA treats each state equally with a starting point of 2009 which ignores historical respect for the resource
- SEWPAC uses the same funding models for all states.

Solutions

- South Australian should meet its in valley targets (101 gigalitres) but should not be expected to provide any water from its consumptive users for the shared downstream components.
- Funding for infrastructure projects requires greater flexibility in the guidelines for South Australia.
- We want to see what further savings South Australia can contribute via savings in the River System from the Border to the mouth.