

SOUTH AUSTRALIAN MURRAY IRRIGATORS INCORPORATED

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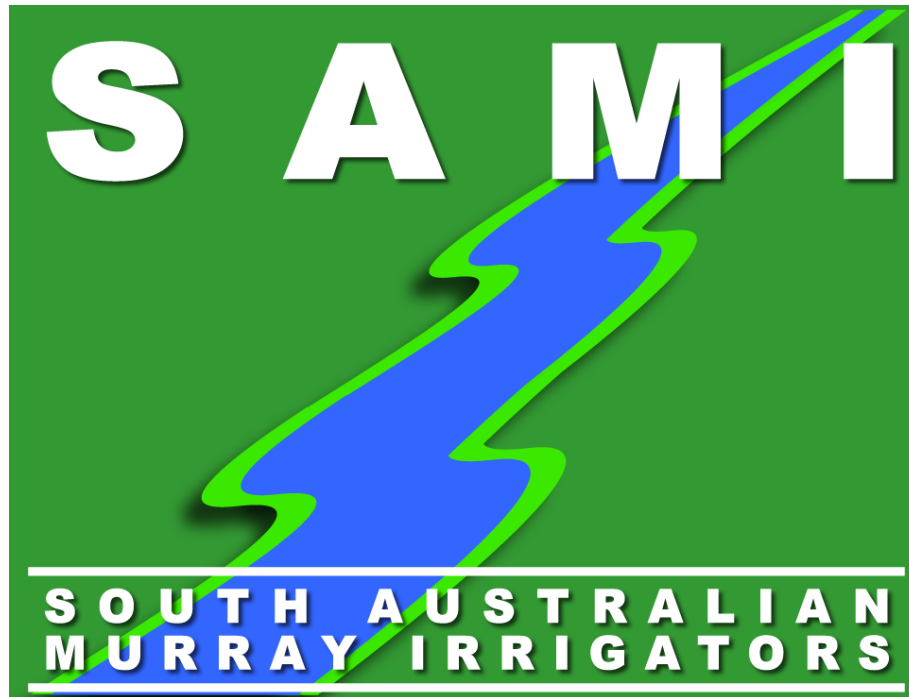
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**Submission to the
Senate Standing Committees on Rural and
Regional Affairs and Transport**

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South Australian Murray Irrigators Inc. (SAMI) is a privately funded not-for-profit irrigators group that supports irrigators along the River Murray in South Australia from the border to the Murray Mouth. SAMI currently has 140 members including both private and trust irrigators. We represent over 1000 irrigators holding more than 94 gigalitres of South Australian High Security entitlement. SAMI members irrigate a wide range of food produce including permanent and annual crops.

Water markets facilitate the ability for irrigation businesses to make decisions that are profitable and sustainable to the landholder. Markets should protect the right to farm and also the right to irrigate and provide social and economic investment in regional communities. The water market allows for irrigation business to purchase and trade water products with differing water characteristics across jurisdictions. Irrigators can manage their water delivery risk through purchasing water products that have different allocation announcement volumes and carry-over access. In the past five years the water market has matured and users have become more aware of product options and the varying costs and services of water brokers. Irrigators have become more educated on the dynamics of the water market and are using it as a necessary tool to mitigate risk and maximise business management options.

Irrigation businesses have to plan for commodity and food market trends which will determine the profitability of their businesses. Irrigation businesses have to manage input costs like water and electricity which are subject to external market forces. Future market trends remain largely unknown. Irrigation industries are heavily reliant on domestic and international trade conditions, consumer preferences and technological advancements. Gambling on hope is a thing of the past and irrigators need to capitalise on markets as they see fit. It is important that the water market remains independent from external influences and operates under policy that allows irrigation businesses to maximise their potential.

River data needs to be truthful, transparent, unbiased and available in order to have confidence in the water market and make sound risk management decisions. Modelled data needs to be validated with real and measured data to avoid preconceived outcomes and provide confidence in the modelled outcomes promoted by governments. Without this water trade and risk management options are decided upon false pretences. Over conservative or incorrect assumptions can influence the price of water which is detrimental to irrigation businesses.

Water theft in South Australia by irrigators is rare. The greater majority of South Australian Murray Irrigators employ drip irrigation methods and deliver irrigation waters through highly efficient pump and suction pressurised pipes. All water off-takes are metered with the latest technology flow meters. Consumption data is recorded and reported quarterly and reconciled yearly. South Australian Murray Irrigators are proud of our efficiency and compliance record. Compliance is vigorous and the penalties for noncompliance are severe and enforced. Water theft in South Australia is ostracized and deplored by irrigators, local communities and regulators.

Theft has been described as the unlawful taking of another person's property or services without that person's permission or consent with the intent to deprive the rightful owner of it. In South Australia, irrigators have been subjected to steered or nonexistent consultation and policy implementation that has turned the illegal act of theft into a legal property acquisition. The ugly business of water reform has seen theft of water on a grand scale and in many instances this has been in the form of policy maker's pre-empting laws, or applying them subjectively and colluding to

benefit some at the detriment of others. In NSW it was to the benefit of irrigators. However in South Australia it has been to the benefit of SA Water and recently created and traded environmental entitlements. Water policy in South Australia has re-defined the character of the South Australian Murray Irrigators entitlements placing the full burden of risk on one sector of water users. This has enabled governments to steal the irrigator's personal property, particularly in times of low storage levels. Risk Assignment under the NWI has been ignored or outlawed in South Australia and this does not hold true to the nature of the agreement and is essentially stealing water from irrigators in the name of the environment and state caused over entitlement. The high security delivery of allocations in this state is constantly being diluted to the detriment of the irrigators and this seems to be policy by design to dispossess and place all the financial burden of risk on one sector of society. This is discriminatory.

Irrigators are confused as to the future of water allocation reliability and if in fact our water products are still high security. An example of this is evident in the 15/16 water year where South Australian Murray Irrigators were subjected to restrictions which spiked the price of water while surplus flows were received into the state. Unregulated flows confuse the understanding of allocation reasoning and appear to be a double dip by the environment. It is claimed that water returned to the environment is subjected to the same conditions of the consumptive water products that they have purchased, yet will take a free kick when additional flow is received naturally. This would not be an issue if consumptive users were on 100%. If the environment receives this flow whilst irrigators are restricted, then these forced restricted volumes should be accounted for towards the 450GL water for the environment special account as this is a policy restriction not a physical one.

The water market cannot function with integrity until water allocation policy and the triggers that inform water allocation announcements have been bedded down and are not subject to political whims. This will not occur until after 2019/2024 when the Water Resource Plans come into effect, transitional documents have stopped being redrafted and works and measures are complete. Constraints in the river system needs to be practically addresses as a matter of priority to allow the easy trade of water and ensure its delivery through known constrained areas. Without this action the integrity of the water market is compromised and the constraints are effectively a barrier to trade. Constraints also don't allow for environmental entitlements to flow the way the Basin Plan intended them to.

The large purchases of water by state and federal governments have influenced the water market by artificially increasing the permanent water price and creating unnecessary volatility in the temporary trade market. Long-term lease products or derivative water products reduces the burden risk to the purchaser, but increase the risk to the seller. This will present a problem at times of water restrictions as someone in that deal will ultimately bare the risk and have to pay for the water shortfall. Policy makers need to be aware of the potential of these water products to cause hardship should another drought prevail.

The time it takes to process and complete a permanent water trade is seen as taking too long and this can have implications for irrigation businesses. Temporary trade does occur in a timely manner. The development of an online water trade information portal would provide a better understanding of the water market rather than the hearsay information from a broker.

South Australian Murray Irrigators would like to thank the committee for the opportunity to provide these comments to the committee and we are happy to provide further information should it be required. In closing we would like to express the need for a judicial enquiry into this matter so an independent assessment of water market corruption can occur and scrutinise those with immunity, compel witnesses and provide those with information with protection from the repercussions of alerting authorities to crimes.

Yours sincerely,

Caren Martin
Chairperson
South Australian Murray Irrigators