

## **Commonwealth Senate Inquiry into Water Use Efficiency – SRW submission**

Southern Rural Water is pleased to have the opportunity to provide comment on Water Use Efficiency.

### **Context**

- Southern Rural Water strongly supports the efficient use of water by all users, particularly in the face of climate change where we are likely to be facing a hotter and drier future.
- We have recognised this change and have invested significantly in the modernisation of our assets, often in partnership with state and Commonwealth governments. This is to improve both the efficiency of our irrigation supply system as well as improvements in service and farm interface, which incentivises on farm investment further improving water use efficiency.
- In Southern Victoria, Southern Rural Water sees the potential to continue to expand agricultural production despite a drying future. Compared to northern irrigation areas, Southern Victoria has a milder climate and has lower predicted temperature increases in the future and is suited to high value crops for national and international markets.
- Farmers have been investing strongly in on farm water use efficiency both to expand production and to provide increased security in dry times.
- However, due to seasonal and market conditions, many farmers do not have sufficient equity and so on farm incentives and extension support is highly valuable and has driven socio economic benefits for the regions where investments are made.

### **COMMENTARY ON TERMS OF REFERENCE:**

#### **Adequacy and efficacy of current programs in achieving irrigation water use efficiencies**

##### Irrigation Modernisation programs

- Southern Rural Water, its customers and community are starting to enjoy the benefits of irrigation modernisation programs.

##### Macalister Irrigation District

- The first major investment, the “MIDCAP” project, commencing in 2005 was a joint state and Commonwealth funded initiative and the first phase of large scale modernisation in the Macalister Irrigation District. This investment of \$26 million generated a 14GL environmental entitlement. This is now delivering significant flora and fauna benefits to the Macalister River as measured by the West Gippsland Catchment Management Authority.
- The MID 2030 Phase 1A project and Leading works programs have modernised large parts of the irrigation area and working with customers, provided a modern supply system with farm interface required for the 21<sup>st</sup> century.

- These investments have seen the total system efficiency increase from 60% to an expected efficiency above 75% this season. With the planned investment in MID 2030 Phase 1B (Southern Tinamba) underway, and the final phase of works planned to follow, we expect district efficiency to increase to beyond 85% by the completion of the project.
- The savings from the MID 2030 Phase 1A and 1B projects will go back into the consumptive pool allowing irrigators to increase agricultural production.

#### Werribee and Bacchus Marsh Irrigation Districts

- Southern Rural Water has also commenced modernising the Werribee and Bacchus Marsh Irrigation districts, which are major producers of vegetables, fancy leaf lettuces and fruit close to Melbourne.
- In the past 12 months, we have secured funding from the state government for a 1/3 share of the cost of the modernisation. Along with the irrigators share this means we have 2/3 of the funding to fully modernise these areas and the state government has lodged an Expression of Interest to the National Water Infrastructure Development fund for the final 1/3 share which is currently under consideration by the Commonwealth government.
- Both of these districts operate at a poor level of delivery efficiency due to the age and design of the assets. Werribee Irrigation District in particular, suffers significant channel seepage and leakage with seasonal efficiencies between 50 and 55%.
- Both of these districts suffered very significant water shortages during the millennium drought, significantly exacerbated by the poor district efficiency. These investments to create a modern, efficient supply system are critical to the ongoing viability of these districts and the success of our customers in the 21<sup>st</sup> Century.

#### On farm programs

- Southern Victoria has experienced two forms of on farm programs – extension and state incentive programs
- Extension programs were historically funded by governments and used to support improved on farm irrigation practices. As the availability of these services has reduced over time, farmers are now required to pay for agronomists and farm design specialists to assist in farm planning. Seasonal and market conditions often preclude this investment thus hampering on farm efficiency improvements.
- Incentive programs have been provided to encourage a number of farm improvement projects. These included whole farm planning, conversion from flood to spray irrigation and the construction of re-use dams. In Southern Victoria, these incentive programs have been a major stimulant to on farm investment.
- The farmers in the Macalister Irrigation District have achieved excellent productivity outcomes from these programs and we would encourage further investment from the Commonwealth government in regulated and unregulated systems in Southern Victoria. These investments improve efficiency and service to increase production and provide drought resilience.

### **How existing expenditure provides value for money for the Commonwealth**

- In Southern Victoria, current and proposed investments in irrigation district modernisation will bring increased production and regional economic benefit.
- In the Macalister, the MID 2030 Phase 1A and 1B projects are expected to yield an additional annual \$120 million in regional economic production once completed.
- Case studies (available on request) completed from customers who have had their supply system upgraded show service improvements have led to water use savings of up to 30% on farm. This provides the capacity to bring more land into production, gain greater security or trade this water
- In Werribee and Bacchus Marsh, the improved efficiency will provide considerable resilience during drought periods and improve the confidence of existing irrigators to invest further on farm as they will have a far more secure and resilient water supply.

### **Possible improvements to programs, their administration and delivery**

- Southern Rural Water strongly supports the investments provided by the state and Commonwealth governments through their Agriculture Infrastructure and Jobs fund and the National Water Infrastructure Development fund respectively.
- These programs have the potential to bring transformational change in irrigation district efficiency thus providing additional water for irrigators to increase and/or secure production during future dry times
- We would also encourage the Commonwealth to consider the extension of on farm efficiency programs to Southern Victoria to assist in improving water use efficiency. This should apply to regulated and unregulated systems as it leverages the system improvements and accelerates the productivity improvements.

### **Other matters, including, but not limited to, maintaining or increasing agriculture production, consideration of environmental flows, and adoption of world's best practice.**

- 1/3 of water savings generated through the Werribee and Bacchus Marsh Irrigation Districts Modernisation Project will be allocated to the Victorian Environmental Water Holder to improve the environmental health of the Werribee River. The remaining 2/3 of water savings will be used to increase water security for irrigators.
- Southern Rural Water also operates the Werribee Irrigation District recycling scheme. We have secured and agreed amount of water from Melbourne Water which we supply via contract to our irrigation customers. This provides security of supply for our customers and allows the preservation of the scarcer river water resource.
- The commonwealth could consider incentives that would see further use of recycled water thus increasing agricultural production

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