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Growing opportunity - water and beyond.

24 April 2013

Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary

RE: SUBMISSION - INQUIRY INTO REVIEW OF THE CITRUS INDUSTRY IN AUSTRALIA

Murrumbidgee Irrigation Limited (MI) welcomes the opportunity to provide a brief submission to the Rural and Regional Affairs and Transport References Committee Inquiry into Review of the Citrus Industry in Australia.

In 1999 the MIA (and Districts) was formally separated from NSW Government ownership and MI now operates as an unlisted public company (limited by permanent shares) owned by the irrigators we supply. MI is one of the largest private irrigation companies in Australia serving over 3,200 landholdings owned by over 2,500 customers within an area of 660,000 hectares.

Our core business is water management. The irrigation water and drainage services we provide have helped create a diverse and highly productive agricultural region known as the Murrumbidgee Irrigation Area (MIA). The Company manages \$500 million of infrastructure assets, has an annual turnover of around \$50 million and services over \$2.5 billion in water entitlements.

The citrus industry is one of the cornerstones of our regional community and a valuable contributor to the wider Australian citrus industry producing 30% of Australia's and over 70% of NSW's citrus production. The 430 growers in the MIA alone support thousands of itinerant and full-time employees both on-farm and in various associated industries including the transport and processing sectors.

Negative impacts on the citrus industry in the MIA have flow on effects to MI. The viability of our customers and their capacity to pay their water accounts are intrinsically linked. Already the difficulties faced by our citrus growing customers have resulted in a number of them experiencing difficulties paying their water accounts and entering into distressed client payment arrangements. This then has flow on impacts on our business through reduced cash flow, increased liability with outstanding debtors and increased costs relating to the engagement of debt recovery agencies.

Additionally, if these customers determine their farming enterprise is no longer viable, they will stop watering their trees resulting in reduced water sales and therefore reduced revenue for our company.

The risk of asset redundancy and therefore losses on capital investment is also significant for MI. There are around 8,000 hectares planted to citrus in the MIA. These farms are serviced by both open channel and piped irrigation delivery systems owned and maintained by MI. There are also at least four of our Integrated

Horticulture Supply (IHS) Systems exclusively servicing citrus farms. The IHS program has replaced ageing infrastructure with current industry best practice piped delivery systems to improve the efficiency of water deliveries to farm outlets. If a portion of our customers serviced by these assets shut down or stopped growing citrus, the financial impact on MI will be considerable.

We hope that this Inquiry will provide a platform for a discussion about the range of issues currently affecting the viability of the Australian citrus industry, and an opportunity for constructive solutions to be considered to ensure the industry can overcome the challenges it is currently facing and continue its valuable contribution to our regional economies into the future.

Yours faithfully

Raveen Jaduram
Managing Director