

Senate Rural and Regional Affairs and Transport References Committee

**Questions on Notice – Tuesday, 3 April 2012
MILDURA, Vic**

Inquiry into Management of the Murray-Darling Basin

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

Inquiry into the management of the Murray Darling Basin

Public Hearing Tuesday, 3 April 2012

Questions Taken on Notice – Sunraysia Irrigators Council

1. HANSARD, PG 7

Senator XENOPHON: I want to go to the issue of water efficiency programs, and abiding by CAPS, but I do not necessarily want to get into that so much. In terms of channels and pipes, when was Sunraysia piped? Are there any channels left at the moment?

Mr Bennett: In every district in Sunraysia there is still a main channel, which is a bit unfortunate. South Australia in the 1970s and 1980s did pipeline all their channels.

Senator XENOPHON: I do not want to get into a blame game but, in terms of the \$5.8 billion water efficiency program, are those channels being fixed through that funding to have pipes?

Mr Bennett: At a Commonwealth Heads of Government Meeting, \$103 million was allocated to Sunraysia. But Sunraysia is struggling with the business case, and I think you will hear more about that at the next interview.

Senator XENOPHON: Because of time constraints, will you take it on notice to provide some more details in relation to that.

2. HANSARD, PG 7

Senator XENOPHON: ... In your submission, at part C, you said, '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 In the majority of areas their infrastructure is outdated and well past its use by date? Can you elaborate on that?

Mr Lee: It is all the open channel systems. The Egyptians used that 10,000 years ago. Most of the government water in Australia is still delivered in that way. We have not advanced. Those channels were put in predominantly when the soldier settlements and settlement schemes came, which was early last century, and we are still running with them. Where we come from at Merbein, we have the same dirt channel delivering our water and a main that we dug in 1920.

Senator XENOPHON: Why would there not be a good business case to pluck that?

Mr Lee: I do not know. You would have to ask those involved in it.

CHAIR: Would that involve an increase in the cost of the water delivered?

Mr Lee: Not a heck of a lot.

Mr Bennett: I think the main problem was that the amount of water savings did not justify the cost of replacement.

Senator XENOPHON: On notice, will you give me some details on that.

3. HANSARD, PG 7-8

Mr Lee: ... at the moment, in the government buyback program, on which we have a public view that we believe that environmental water should be purchased by government on the market, they are only willing to pay minimal money for that water. I think it is about \$1,800 per megalitre. But they are willing to spend \$10 million and put a new pipe in to get a megalitre back.

CHAIR: Are you talking high-security water?

Mr Lee: Yes, we are all high-security water here.

Senator XENOPHON: Would you just elaborate on that? You are saying that you are having trouble with the government funding, having a closed pipeline rather than an open channel?

Mr Lee: Absolutely. That \$103 million was negotiated back in 2008, and it still sits in government coffers.

...

Senator XENOPHON: As a question on notice, can you provide further information on that.

4. HANSARD, PG 8

Senator XENOPHON: ... would you comment on the Swiss cheese effect. What is the potential, as you see it, with this plan for irrigation infrastructure not to be viable because more and more people buy up the land? Can you provide that in writing.

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Questions Taken on Notice – Western Murray Irrigation Ltd

1. HANSARD, PG 12

Senator XENOPHON: ... You might get to that stage where, if you take too much water out of an area, it is not economic for the remaining irrigators to maintain the infrastructure because the cost become prohibitive. What concerns do you have about that for both Mildura and New South Wales?

Mr Murdoch: In the current environment, because our systems are up to date, we are finding that, although there have been places that have dried off—it averages 20 per cent, which is not too bad compared to a lot of other irrigation areas—with the prospect of improved economic returns for the products that are produced here people are starting to re-activate land. There will always be a turnover of land and, with a more free trade environment, that turnover of land will be greater.

...

Mr Murdoch: The big driver for people going in and out any form of production is the profit motive, and the last decade in the type of commodities that are grown around here has been very difficult. It is the lack of good prospects that has driven the problem, not necessarily the drought or the water changes.

Senator Xenophon: Do you have statistics available for productivity per megalitre, tonnage of crops and things like that? Can you get them?

Ms Rix: We probably would be able to get you something. The commodity groups might be able to refer to that. There is some technical research that some of those have been doing.

Senator XENOPHON: That might be useful in terms of efficiencies and things like that.

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Public Hearing Tuesday, 3 April 2012

Questions Taken on Notice – Murray Valley Winegrowers Inc.

1. HANSARD, PG 28

Senator XENOPHON: Because time is short, would you mind providing on notice some further details that I think we should explore with the authority?

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1. HANSARD, PG 28

Senator XENOPHON: Because time is short, would you mind providing on notice some further details that I think we should explore with the authority?

Answer

The Mallee Catchment Management Authority which has responsibility for the management of the Lindsay Island Wetlands on the Victoria – South Australia border has advised that defining an exact water saving from proposed environmental works and measures is difficult because the level of savings will depend on the base flows in the Murray at the time of watering. However, the installation of a regulator in Lindsay Creek with associated check banks and ground works would allow Murray River flows at between 10,000 and 20,000ML per day to generate the same effect as a natural 80,000ML / day flow by multiplying the effective flows in the River and inundating the Wetlands. This watering would be targeted to the Lindsay Island Wetlands only and not the adjacent floodplain areas. While some environmentalists insist that an 80,000ML / day natural River flow is essential for watering surrounding floodplains, Mallee CMA advises that floods do not automatically benefit all the adjacent floodplain areas and in some instances can be damaging.

I [Mr McKenzie, CEO, Murray Valley Winegrowers Inc] would comment that clearly the multiplying of the effect of natural River flows by a factor of 4 or more would provide very significant environmental water savings, while meeting the objective of watering this environmental icon site. While Mallee CMA did not specify an exact water savings figure, the lowest potential savings we have seen in associated estimates has been in the order of 400GL – ranging to significantly higher figures.

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Questions Taken on Notice

South Australian Citrus Industry Development Board

1. HANSARD, PG 38

Senator URQUHART: Part of your recommendation on page 4, under 'Purchases from willing sellers', talks about sufficient funds being made available from the purchase of the water from willing sellers to assist in making a measurable difference in addressing proposed SDLs. Can you elaborate a bit more on what sort of detail you are talking about there?

Mrs Lloyd: I am not really sure on that one right now.

Senator URQUHART: Can you take that on notice and give us a little bit more information about what your intent is there?

Mrs Lloyd: I will.

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Questions Taken on Notice

Re:

South Australian Citrus Industry Development Board (SACIDB)
Submission to the Senate on the Management of the Murray-Darling Basin Plan
December 2010.

Question on Notice (Senator Urquhart) :

Part of your recommendation on page 4, under 'Purchases from willing sellers', talks about sufficient funds being made available from the purchase of the water from willing sellers to assist in making a measurable difference in addressing proposed SDLs. Can you elaborate a bit more on what sort of detail you are talking about there?

Answer:

Water Purchase from irrigators is a direct transfer the creation of wealth to the enhancement of the environment.

Water purchase may compensate the irrigator for the loss of his water asset but it leaves the irrigation system and the economy of the region worse off through loss of production and stakeholder business dealings.

The economy of irrigated communities is highly integrated and a large percentage of the economics of irrigation regions relies heavily on food production and processing. The impact of taking any water out of horticulture is significant and understated and of deep concern in the context of World Food Security.

In the most recent times up until the writing of our submission, (December 2010), most of the Environmental Water purchased was not so much from 'willing sellers', but in fact it was sold often by irrigators who were 'forced to sell' due to mounting debt caused by severe drought and very cruel, crippling water restrictions. (Please note however that if one had sufficient cash flow, water was readily available — somewhat making a mockery of the restrictions).

Now that the drought has 'ended' there is perhaps even less willingness to sell water, as there are signs of recovery and less threat of mounting debt.

Most irrigators never consider selling their water asset but some would consider it if they were offered substantially more than market prices.

Farm debt plays a big part in a decision to sell a water asset but it appears that irrigators attitudes, values and well being are the most significant and strongest influence.

Therefore plentiful and sufficient funds need to be made available to encourage irrigators to become willing sellers with confidence that the sale of water would provide enough funds to reduce debt and leave enough cash to enable the willing seller to make a comfortable fresh start. This is good for the people AND their communities.

If sufficient funds (above market price to include adequate compensation for loss of asset and livelihood) are made available, more irrigators may become willing sellers thereby making a real, measurable difference between the current Diversion Limits and the amount of water which needs to be acquired otherwise to meet the proposed SDLs.