



MERBEIN BRANCH - ADFA

Box 669
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SUBMISSION TO MDBA RE: DRAFT BASIN PLAN

Prepared by the Merbein Branch of the Australian Dried Fruits Association whose grower members are irrigators in the Merbein Irrigation District serviced by Lower Murray Water Authority (Mildura)

1. SUSTAINABLE DIVERSION LIMITS

When Michael Taylor was asked the following question at the MDBA Road Show meeting at Buronga -

- “What would the process be after the Sustainable Diversion Limits were in place to “Re Irrigate” areas within the Merbein Irrigation District that had lost water to the MDBA buy back process”

he responded:

- “That water would not be able to be transferred back into the Merbein Irrigation District after the Sustainable Diversion Limits had been established.”

Can this be confirmed or Denied in writing?

- If this were to be the case, the Merbein Irrigation District would be left with half the district paying all the fixed costs and they would not be sustainable. The 4000 hectares previously serviced will be more like 2000 hectares, but using the same infrastructure which will make operational and maintenance costs excessive.

2. IRRIGATORS EQUITY ERODED BY DEVALUATION OF THE WATER THROUGH THE BUY BACK PROCESS WHICH TARGETS MINIMISING THE PRICE, RATHER THAN COMPENSATING THE SELLER

Merbein irrigators are extremely concerned at the process adopted to buy back water from supposedly willing sellers, as are all High Security water users.

- Quick analysis of the process to date reveals total lack of equity in the process which has driven the price of water down.
- This in turn has undermined the equity of those who had planned to continue as irrigation farmers.
- In many cases the price has dropped so far that the Bankers don't have the security they need, and this in turn forces more irrigators into a position that they are forced to sell by the Bank.

They then become a willing seller, forced to sell by the Bank.

The first 3 rounds of Buy Back in the Murray system started with the Government

- Purchasing water from small holdings at over \$2425 per Meg
- Bonus of \$150,000 if the irrigated crop was removed
- Plus \$10,000 grant to remove the crop and infrastructure
- Plus a \$10,000 retraining grant

We are reliably informed the average size of parcel of Megs purchased was 65 megs

65 mega	@ 2425 = \$157,625
Plus Bonus	\$150,000
Plus Grant to remove infrastructure	\$10,000
Plus retraining grant	\$10,000

Total compensation package = \$327,625

This equals \$5040 per meg paid for the water purchased by the government.

To this should be added, in many instances \$20,000 to \$50,000 Efficiency Grants, received by the sellers in the 3 years prior to the water buy back being implemented.

The reality is many of the early sellers to the Buy Back of water were receiving well in excess of \$6,000 per megalitre.

The injustice in this is with the last round MDBA only paid a flat \$1600 per meg or \$4400 per meg less than the early rounds. Irrigators with larger High Security Water Entitlements were denied access or participation, denying them access to the \$150,000 bonus paid by MDBA.

3. PUMPED IRRIGATORS IN HORTICULTURAL DISTRICTS WITH PERMANENT PLANTINGS ARE TAKING AN UNREALISTIC HIT COMPARED TO BROAD ACRE IRRIGATORS

Trellising \$ 8,000 to \$18,000 per hectare Wine, table or fresh fruit.
On farm Irrigation Irrigation assets \$10,000 per hectare
Planting material and vine training for 2 to 3 seasons to come into production \$10,000 to 15,000 per hectare.

Shedding, plant and equipment, tractors and spray rigs could be another \$1,200 a hectare.

Real value of an Irrigated horticultural property is in the order of \$35,000 to \$45,000 per hectare.

Land value is worthless without the water.

By selling 8 mgs per hectare at \$1,600 per hectare results in an instant loss to the irrigator of \$32,000 per hectare as all the improvements – vines, trellis and infrastructure - are then worthless. The size of the holdings in the Sunraysia area precludes any dry land venture. Remove the water and all the other improvements are instantly worthless.

4. BUY BACK INEQUITY

Buy Back Inequity

- This generation of irrigators have been called on to make the supreme sacrifice.
- Irrigators in the first instance are by far and away taking the biggest hit - financially and emotionally.
- In the process, irrigators will be whipping out their whole retirement plan as most irrigators were planning to use the business in retirement to become Self Funded Retirees. This will no longer be the case with the miserable Opportunistic Price being offered for Water Buy Back.
- There have been several instances where whole communities have offered their water to the Buy Back and seemingly have been rejected for the sake of a few dollars. What a lost opportunity?

5. SOCIO ECONOMIC IMPACT ON IRRIGATORS AND IRRIGATION COMMUNITIES

Socio Economic Impact

The flow on effect to the community has been devastating:

- Merbein has lost more than 45% of its water to the Commonwealth Buy Back.
- Pumped Irrigation Districts, such as Merbein, are predominantly Permanent Plantings, which are not transportable or readily moved as the life of the crop can be 20 to 60 years. Permanent plantings have high lead times to come in to production - one to four years.
- The conditions of the Buy Back restrict further irrigation on the area for five years as irrigation systems had to be dismantled so they could not be used.
- Less labour is now employed directly and indirectly in horticulture.
- Much less demand for service industries and many have failed.
- Less compaction for farm supplies has seen prices rise for horticultural inputs.
- There has been a huge increase for welfare support in the region.
- The early acceptors of the water buy back were well rewarded at the expense of those remaining.
- The remaining 55% of Irrigators are now covering 100% of the fixed costs.

On a regional basis, this is unplanned and is starting to look like a deck of cards collapsing.

6. RISK & REWARD - Social Justice

- The Draft Basin Plan has irrigators taking all the risk and no reward.
- Social justice must see the broader community, including those in the cities, making some sacrifice to ease the adjustment that will be forced on this generation of irrigators. Three generations of assets will be wiped out with the stroke of a pen.
- The difference between 3000 GL & 4000 GL, let alone 7000 GL, claw back has the potential to create a national depression that will affect rural generations to come.

7. BOTTOM UP

- There are many examples of very successful bottom up environmental programs eg. Land Care and the Salinity Management Plans, even the Catchment Management Authorities are bottom up.
- States and Regions should retain responsibility for local catchment-scale planning & operational management of the Basin Plan. Canberra is too far removed in every aspect of the needs of the Basin Plan. Catchment Management Authorities, or the like, with local knowledge and experience are best placed to manage the process. We would not like to see another debacle - like the Insulation Program and the School Building Program which was administered from Canberra. A regional approach would in some small way, help prop up the regional communities that the Draft Plan threatens to annihilate.
- The regions and the Catchment Management Authorities have already proven they can deliver the goods by delivering the environmental watering program to the areas that will give greatest reward for the input.
- To a large extent the management of the environmental watering will be opportunistic. Regional Authorities are best placed to manage and respond. You cannot manage a scrub fire in Mildura from Canberra, like wise water.
- Ten eminent scientists telling irrigators they are very selfish for not handing more water over, who have no idea of the Socio Economic Impact on Rural Communities, have not demonstrated the methodology in setting up the SDL, so the claim for the water is an am bid claim.

- Where is the information to support calculation on the SDLs? What will the benefit be?
- Conversely, irrigators are, in the main, the most regulated businesses in the basin - Water Licence, Water Shares and water use efficiency are all scrutinised by Government Departments.
- When the Draft Plan was being drafted, the predictions being used to justify the Plan were the Rivers will never flood again and the Dams will never fill again. Six months on has shown that those predictions were clouded by the existing drought conditions of the time.
- Vines and tree crops are **Permanent Plantings**, unlike the flood plain vegetation. Permanent horticultural plantings need guaranteed water every year.

8. DON'T THROW THE BABY OUT WITH THE BATH WATER

- There has been well documented scientific research and planning done within the Basin for such things as Salinity Management Plans, Environmental Watering Programs and management of the Flood Plain Environs. The Basin Plan should embrace the work already done in the regions and build on it, instead of starting afresh with a clean sheet of paper.

It appears the theory is coming out of Canberra, but the Knowledge resides in the Regions.

9. WATER ENTITLEMENTS

Need to be firmed up to more adequately acknowledge the impact of:

- Flood Plain Harvesting
- Forestry
- On Farm Dams

10. LOWER LAKES & MURRAY DISCHARGE TO THE SEA

The Plan is suggesting the Murray River running to the sea 90% of the time, or 9 years out of 10.

- This is planning to keep the Murray mouth open for a far greater percentage of the time than would have been the case pre river regulation.
- Retention of the Lower Lakes, as proposed, consumes an enormous volume of water - first to fill and then the resultant annual evaporation loss which will be incurred.
- If the barrages were decommissioned and the Basin Plan were to be amended so the Murray River flowed to the sea 7 or 8 years out of 10, there would be enormous savings in water. The Murray mouth environs would revert to an estuarine environment similar to pre regulation of the river.
- The combined water savings that could be achieved through modifying these three aspects of the plan would save 30% of the water that is currently being targeted as the Buy Back.
- Reduced flows to the sea, Estuarine conditions for the lower Lakes and the Evaporation loss saved by modifying regulation at the lower Lakes would be South Australia's contribution to the Basin Plan which is currently zero.

11. INFRASTRUCTURE UP GRADES

- Infrastructure up-grades should be viewed more broadly than saving water for the environment.
- Up-grades also add to irrigation efficiency and sustainable irrigation systems which are now being demanded by our trading partners.

Collated for the Merbein Branch of the Australian Dried Fruits Association by grower member, Richard Wells. The Merbein Irrigation District is serviced by Lower Murray Water Authority (Mildura) .