

**Murray Irrigation Limited**

**Submission to the Senate Standing  
Committee Inquiry into the Coorong  
and Lower Lakes**

**Mr Stewart Ellis, Chairman,  
Murray Irrigation Limited**

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**Parliament House, Canberra**

## **Introduction**

I appreciate this opportunity to present to the Senate Inquiry into Water Management in the Coorong and Lower Lakes

The terms of reference for this Inquiry refer to a national emergency. This emergency is not confined to the Lower Lakes. The crisis facing the people, communities and industry I represent is also part of this national emergency, as a result of both zero allocation of irrigation water for the third consecutive year and rainfall of only 100mm effective growing season in a 450mm climatic zone,

Murray Irrigation Limited is an unlisted public company formed in 1995, when ownership of the NSW Government owned and operated irrigation districts were transferred to its irrigator members. The company is based in southern NSW and its shareholders are the irrigator – customers who own the 2,407 farms it supplies with water over an area of approximately 780,000hectares, about half of which can be irrigated. Adjacent to Murray Irrigation's area of operations are the Ramsar listed Red Gum sites the Barmah – Millewa and Koondrook – Perricoota forests. The regional population is approximately 30,000 people.

Irrigated agriculture is the foundation of the social and economic wellbeing of our region's towns and businesses. Water supports our region's capacity to prosper and thrive through variable climatic conditions.

Our agricultural production systems are annual systems subject to water availability - rice, dairy, winter cereals, livestock and annual horticulture (tomatoes and potatoes). With water, we produce staple food supplies for Australia and overseas. In these times of global food shortages, we produce staple food of renowned quality that can feed the world. Without water, and without the security of access to water, we not only lose that ability to produce but we also lose our farmers and their generational expertise and knowledge as they begin to leave the land.

Since our formation, our irrigator members have invested nearly \$500M through the Murray Land & Water Management Plans to improve land and water management in order to protect downstream water quality and maintain regional environmental values and production. Murray Irrigation is also partnering with the Murray Darling Freshwater Research Centre in a 10-year baseline River Health monitoring program. These efforts are evidence of our commitment to environmental stewardship.

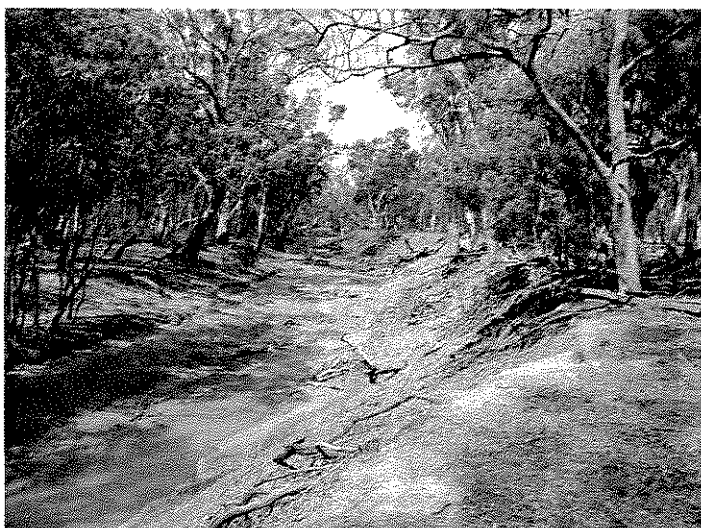
Murray Irrigation's water supply is from the regulated River Murray system. The water available to Murray Irrigation is determined by the Murray Darling Basin Agreement, and then NSW. Murray Irrigation's water access licence is a general security licence and is 63% of the total licenced entitlements in the NSW Murray. Irrigation water is not allocated to our licence until urban and high security irrigation commitments are met.

Murray Irrigation and its irrigator members are currently facing the third year of a zero general security allocation.

Water use on-farm in our region has plummeted to only 2% of our general security licence volume in 2007/08. One third of this water is used to meet basic human and livestock needs.

The impact of no general security allocation and the impact of uncertainty about the future likelihood of receiving water is devastating for our irrigators and our communities. The future of our region is under threat as a result.

While we recognize the impacts of drought on South Australia and the Coorong and Lower Lakes, it is timely to consider that the reduction in NSW diversions from the Murray River, as a result of this prolonged drought, is greater than the reduction in South Australian diversions from the Murray River. In 2006/07 South Australian diversions were 99% of their 11-year average diversions; ours were 4%. In 2007/08, South Australian diversions were 66% of their 11-year average; ours were 30%. Efforts to respond to the current situation have seen us reduce river operational losses by disconnecting regulated water supplies to all the rivers and creeks in our region away from the River Murray System - for example, the Wakool and Niemur Rivers - A small replenishment flow was provided earlier this year. The impact on river health as a result, including fish populations, riparian vegetation, floodplain vegetation and wildlife, is significant. Issues such as sulphidic sediments are not constrained to the Lower Lakes, and are emerging within the Wakool River, which like the Lower Lakes has underlying salinity issues.



Niemur River, Sept. 2008



Wakool River, August 2008

Re The volume of water which could be provided into the Murray Darling Basin system to replenish the Lower Lakes and Coorong

There is no water in the NSW Murray water resource system which could be provided to replenish the Lower Lakes. Water held in the Menindee Lakes underpins NSW and South Australia's water for critical human needs, water for river operational losses and carryover water on licences. The water held as carryover is either water which was suspended from licences held in 2006, when the Department of Water & Energy suspended 52% of the water available on both general security and high security licences, or water which has been purchased by irrigators as their risk management strategy.

The Department of Water and Energy announced on the 15<sup>th</sup> September 2008 50% for NSW Murray high security licences. This announcement is consistent with water legislation which prioritises allocations to high security licences ahead of allocations to general security licences. This water will be important to irrigate permanent plantings and shows the merits of the NSW allocation system, where only a small proportion of the total licenced entitlement is high security. (In the NSW Murray, only 10% of the licenced entitlement is high security, including irrigation and town water supplies.)

Murray water resources are already highly committed to the Murray River for operational losses upstream of the South Australian Border, and operational losses, and salinity and water quality management downstream of the South Australian Border. The July 2008 MDBC update shows the total commitments of River Murray water to operational losses, and salinity and water quality, was 60% of the total commitment.

The MDBC would be able to quantify the contribution of the major tributaries the Goulburn and Murrumbidgee to these commitments, but it would be extremely low.

Re Options for sourcing and delivering this water, including

- (1) Possible incentive and compensation schemes for current water holders who participate in a once-off voluntary contribution of water.
- (2) Alternative options for the acquisition of sufficient water

Murray Irrigation considers the only effective mechanism which could be put in place to acquire and then deliver water to the Coorong and Lower Lakes is to invest in different infrastructure.

Any options which consider legislative change to individual licence holders' property rights would be unacceptable and destructive for individuals and communities. The suspension of 100,000ML from our licence in spring 2006 because NSW did not have enough water to meet its water commitments was the most difficult and destructive issue I have experienced in 30 years in the water industry.

Intervention by Governments to provide water to the Lower Lakes would have parallels.

Irrigators in each state have water rights, defined in legislation. Their businesses' financial investments and long-term planning are based on the existing allocation systems and legislative arrangements. Any intervention by Government except through the voluntary market options (and this is not straightforward) undermines the basis of farm business' financial security and the future of the communities and industries they support. Businesses in regional economies where water resources are withdrawn as a result of intervention would become un-bankable.

Separation of land and water, and development of water markets, has been supported by Governments of both persuasions for almost two decades. To step away from this approach now would be untenable.

Re Likely transmission losses and the most efficient and effective strategies to manage the delivery of this water

This has been covered by the Department of Environment, Water, Heritage and Arts paper.

Re Commonwealth powers to obtain and delivery water and possible legislative or regulative impediments

Murray Irrigation understands the Water Act (*Cth*) prevents the Commonwealth from compulsorily acquiring water. Murray Irrigation understands just terms acquisition relates to the purchase of land, which is unlikely to be an effective tool in the short term.

Re Assessment of the potential contribution of bringing forward irrigation infrastructure spending under COAG agreement to deliver water to save the Coorong and Lower Lakes

Irrigators from our area visited irrigators and businesses in the Lower Lakes only two weeks ago. The clear message they received was that there is a general reluctance to consider options which involve any change to river operations and management in South Australia.

Murray Irrigation's view is that South Australia needs to take greater responsibility for providing solutions to the issue they confront using the water which is currently available to South Australia, which is more water than is available for NSW from the Murray River.

Acceleration of irrigation infrastructure projects, including piping fresh water supplies, where they is a **permanent change** to a more water efficient delivery system, should be expedited.

Investment should be part of long-term change to River operations to reduce losses in South Australia, which includes a reduction in evaporation from the Lower Lakes.

Re The impact of any water buyback on rural and regional communities and Adelaide including compensation and structural adjustment

Government has money, not water. The purchase of water entitlements is the purchase of empty buckets - there is no water to attach to those entitlements. Until a significant rainfall event there will be no water to match those entitlements.

Murray Irrigation expects as a result of Government activity in the Water Entitlement market through Commonwealth, NSW, MDBC and Water for Rivers that in the order of at least 40,000 entitlements and possibly double that amount will be purchased in a 12-month period. Government are purchasing water at market prices, from stressed sellers, with no regard for the impacts of their action on businesses like ourselves or on the communities which are reliant on irrigated agricultural production.

The impact of the "Swiss Cheese effect" on our business is real and needs urgent consideration by Government. We need a solution which is more strategic but will result in a better solution for communities, the River environment and Government in the longer term. It may cost Government more in the short term but is essential if Australia values resilient rural and regional communities in the Murray Darling Basin.