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Peak body for five landholder associations and 2200 landholdings in the Murray Valley

Who are we?

Southern Riverina Irrigators (SRI) represent 2200 landholdings across the Southern Riverina. Rich in diversity and producing staples including rice, crops, dairy and livestock along with numerous niche markets, our success is heavily underpinned by irrigation, availability of water and cost. Our region has the potential to produce in excess of \$6 billion of agricultural product while supporting 25,000 jobs.

The Riverina have been hit hard by poor water policy and the Murray-Darling Basin Plan.

Over the last two decades we have become the forgotten irrigators as we continue to pay ever increasing water fees and charges despite an allocation reliability that has shrunk by over 30 percent.

Financial hardship and mental health issues have skyrocketed as farmers have been forced to watch their crops wither and die and their income streams dry up, as water flowed past their gates and downstream to foreign owned corporates with deeper pockets.

We have one of the highest suicide rates in the country.

It is no secret our region is struggling.

You only have to see the empty shops in the main streets of our towns and the for-sale signs on the front gates of our once prosperous irrigation community. Schools are closing and population is shrinking as business and community dependent on a thriving agriculture sector underpinned by irrigation can no longer afford to operate.

The Murray Dairy region has gone from producing over 3.2billion litres of milk to just over 1.6 billion as dairy farmers have left the industry in droves. In the last few years over 90 dairy farms have closed down in the Finley area alone and with a flow affect into the community of \$4000 per cow the implications of this decline are enormous.

Take the farming township of Wakool, a once thriving regional area producing crop, dairy, rice and livestock. By October 2016 around 34.5 per cent of productive water had been stripped from the area, resulting in employment in irrigated agriculture decreasing by 71.8 percent and a halving of the population to 800.

This story is repeated in towns across the Riverina.

You can't draw blood from a stone.

And you can't keep taking from an area that has nothing left to give.

We do not support these disproportionate fee increases by the MDBA and WaterNSW in any way, shape or form. They are unwarranted, unfair and absolutely ridiculous.

Allocation

Southern Riverina irrigators are licensed, metered and basin compliant which we would argue makes us an easy target for this predatory behaviour surrounding our fees and charges.

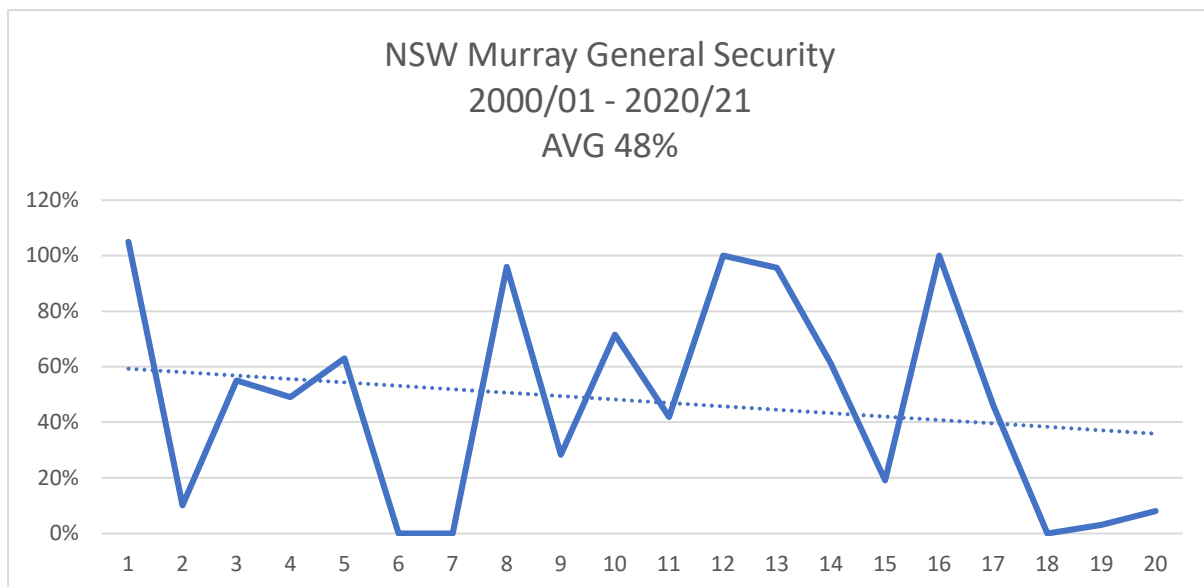
Over the last two years NSW Murray general security irrigators have faced two consecutive growing seasons with no allocation – 2018-19 zero and 2019-20 three percent and yet have still paid thousands of dollars in fees and charges annually.

Over the last 20 years, allocation reliability has reduced from 84 percent to an alarming 48 percent. NSW general security license holders have been severely disadvantaged year after year as water has been unfairly stripped from the NSW productive pool.

NSW and Victorian irrigators have been forced into fulfilling the 1850GL of water to the South Australia border because unmetered, unlicensed and therefore non-compliant flood plain harvesters in the north have taken so much water from the system they have killed any baseline flows from the Darling River, which used to contribute 720GL annually to this obligation.

NSW general security irrigators have watched huge volumes of water flow down the Murray River to feed the insatiable downstream demand for water. Thousands and thousands of megalitres of water has been wasted through overbank flows as large volumes have hit natural constraints – in fact this waste has been so severe it prompted over a thousand irrigators to sign up for a class action against the MDBA. This has a significant impact on our reliability as it has changed the weighting of the conveyance component of our licenses therefore increasing our run of the river costs, which are not worn by these downstream users.

Downstream development has been allowed to increase to such an unsustainable level it is now destroying the river upstream as the large volumes of water erode the banks and hundred-year-old majestic trees fall into the river. The Barmah Choke, as per the 2019 MDBA report, has reduced by 21.4% from 2008-2019, diminishing the in-bank capacity by 1500ML, yet downstream development continues.



SYSTEM EFFICIENCY

Water is delivered to our irrigators through Murray Irrigation Limited (MIL). MIL run their system with an acceptable 10 percent loss while our farmers who use this water are amongst the best and most water efficient users in the world, always using best practice sustainable irrigation techniques to grow and support farming practices best suited to this climate. On the other hand, the MDBA run the river system with a > 30 percent loss and this is certainly not acceptable.

In 2017-18 600,000ML over 130 odd days were wasted in overbank flows due to the natural constraints at Barmah and Millewa being completely ignored by river operators and then again in 2018-19, 850,000ML was lost over 150 days. The environmental flows were left out of these numbers, as when the CEWH orders water, WaterNSW notifies them that their demand will exceed channel capacity and that they will wear a 20% delivery loss, with the productive water however, that is also being delivered out of channel is not paying the same exchange rate associated with such inefficient delivery.

If farmers ran their own internal channel system the same way as government bodies like MDBA and WaterNSW ran the rivers, we would not get a single drop of water onto a paddock and we would be doomed. Nobody can run a sustainable business with such high losses.

Why should farmers have to carefully watch and manage every single drop and yet the MDBA/WaterNSW can squander away vast amounts of water and then turn around and demand a ridiculous increase in fees and charges.

Why have downstream users demanding their temporary water be delivered, been prioritised over the efficiency of the system? Due to the Murray-Darling Basin Agreement,

these 'run of the river costs' are worn by permanent water entitlement holders, even though they pay for the run of the system, both with physical water and licensing fees.

ENVIRONMENT

It is unfair to lump the cost of environmental targets across the basin on the license holders of water, the benefits that follow some environmental watering across the Basin range far and wide across the triple bottom line through to the social and economic benefits. Farmers, as custodians of the land, keep everything from soil to animal health in pristine condition, they simply would not be profitable if they were not managed correctly. As poor management of our ecosystems reflects on the bottom line and impacts our profitability.

When the Water Act and Basin Plan were introduced, irrigators supported the concept of addressing the various forms of take within the basin and that there needed to be a path for the way forward. This would ensure a fair and equitable use of water, to deliver critical human needs requirements, along with the needs of the environment and irrigators. This obligation we have to the environment and for generations to come, should not be borne by the irrigators alone. The financial onus of this disproportionate weighting is impacting the viability of the regions that depend on irrigation.

NRAR

NRAR, the Natural Resource Access Regulator, is the independent regulator established to deliver effective, transparent, and accountable compliance and enforcement of state natural resource management legislation. Despite this, it is largely funded by basin compliant irrigators including SRI, who use publicly accessible compliant meters to manage their take, channel systems, have had licenses since 2004 and never contributed to a cease of river flows, such as those seen in the Darling during 2018 & 2019. MIL manages 3000 meters privately; this isn't taken into account and they are automated meters, readable in real time, in Sydney.

And yet even though flood plain harvesting in the north of the state is now illegal without a license or basin compliant meter, and along with storage exceeding well over the allowed 1250GL under the basin plan, NRAR appear to be missing in action when it comes to their number one job of 'enforcement of resource management legislation'.

SRI would question the relevance of even funding an organisation such as NRAR if it is incapable of carrying out the very duty it was established for.

Given that fees and charges need two things to be paid for and collectable by a government agency, namely a license to determine maximum sustainable level of take and metering, to measure the volume taken on a live basis to ensure compliance. The government should apportion these compliance costs, i.e. the running costs of NRAR to the areas without a license and known compliance issues. Murray Valley irrigators should not be burdened with any of these costs, unlike the Northern Valleys, compliance is not an issue.

Average annual take (all forms) in Northern & Southern Basins (2012/13 to 2015/16)
Pie chart size indicates relative volume of take (not to scale).

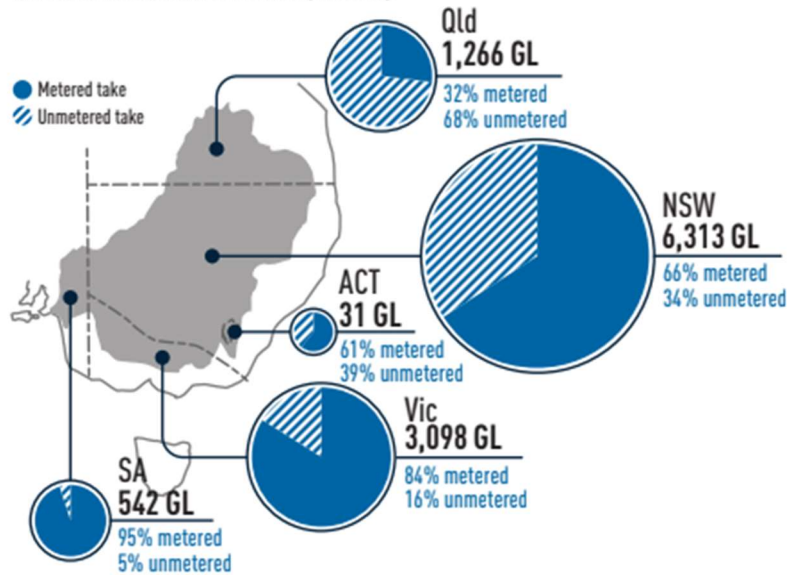


Figure 1: Average annual take (all forms) in Northern and Southern Basins (2012/13 to 2015/16)

FEES AND CHARGES

This determination period has seen a massive shift in fees and charges focusing on water ownership rather than water usage, once again disadvantaging the irrigator. All water users must share in the fair and reasonable management of this resource not just the irrigator.

How is it MDBA fees and charges can increase by a whopping 62 per cent? This is unheard of any industry and just for the MIL footprint alone, will result in an additional \$3.9 million leaving the Murray region.

NSW irrigators are responsible for paying MDBA wages and operational costs while in South Australia every person who accesses water from the Murray contributes a flat rate to MDBA running expenses. Surely this is a much fairer system than continually hitting the irrigator who at the end of the day is feeding the nation and keeping the only manufacturing industry we have left in this country alive.

Both WaterNSW and MDBA must improve business management, transferring volatility of income to irrigators is simply unfair. Irrigators are the party least able to afford high fixed cost in a year of low water availability. This also discourages these departments from looking at cost cutting and efficiency measures.

The MDBA fees and charges should be completely transparent and broken down, irrigators still have no idea what they are collected for. These charges should also be independently reviewed by IPART and not just some opaque pass through charge that can be increased by 40% at any point in time.

What is the justification for the difference in pricing between the MDBA charges in the Murrumbidgee vs Murray charges? - we should be reduced to their level, as we deliver a very similar volume of ML, over a very similar distance in the river.

Murrumbidgee fixed and usage \$0.65/ML and \$0.33/ML respectively and Murray fixed and usage \$3.83/ML and \$1.61/ML, respectively. Both with the same percentage increase anticipated.

Full Cost Recovery & Allocating more risk to customers

Transitioning prices to achieve full cost recovery is a dangerous concept when the license holders have zero say of the management of the system. There is no doubt that there are various groups that form a good cross section of representatives on behalf of irrigators. However, these consultations are a tick and flick exercise, with no real attempt at affording users any chance of steering the direction in pricing and what is a fair and equitable cost to attribute to the user.

Murray Valley irrigators have zero involvement in running the system, nor in determining salary allowances, what is absolutely necessary and what could be cut from the business, this coupled with the over spend of around \$80m dollars which in many cases the project rationale was inconsistent with what was needed or advised.

This concludes that it is completely inequitable for an industry hugely sensitive and prone to drought to wear this volatile and perpetual increase in expenditure.

Within NSW there are two coastal valley irrigation schemes that offer their users meaningful consultation. This resulted in an affordability approach to their pricing, where they would inform what it was viable for them to pay for a megalitre of water. How does WaterNSW warrant this disparity in pricing approaches?

Risk is a pivotal part in agriculture, but SRI fundamentally disagrees with Water NSW's proposal to introduce a demand volatility adjustment mechanism. Putting more risk on businesses to underpin inefficient government agencies, whom at the same time demand we do not waste a drop is laughable, at best. Our businesses have undergone upgrades to business practices and infrastructure since the 80's at our own cost and have had to innovate, pick markets and manage risks to survive. Yet when government determines that its revenue is at risk, it pushes it back to irrigators who are left holding the can with the choice of pay the fee or sell, hardly a just environment and no way to manage the fundamental base the nation's fourth largest industry of agriculture.

SUMMARY

When combined both WaterNSW and MDBA charges represents a 28 per cent increase to \$6661.82 in overall charges for an average NSW Murray irrigator. Remembering these are irrigators who have watched their allocation reliability decrease significantly from, 84% to 48% over the last 20 years, and who have been brought to their knees from financial stress and the mental torture of trying to farm with little or no allocation over consecutive years.

All the above, whilst simultaneously watching agencies such as WaterNSW, MDBA and Victorian authorities, deliberately allow water to cascade through the natural constraints of the system, above and beyond capacity to service an insatiable demand that continues on unabated at our expense, which they allowed and approved the development of. These same government bodies then want deliver reasoning to charge us more because less water is being use and their dream of moving to full cost recovery cannot be realised.

SRI would like to take this opportunity to formally invite IPART to discuss the above submission and the issues that we are facing from various authorities that perpetually pass their inefficiencies and costs on to regional communities.

The reality here is this; irrigators cannot continually have their reliability eroded via poor policy and drought, whilst having to keep up with some full cost recovery target, that increases annually that said irrigators have zero ability to influence.