



4 April 2020

Independent Assessment of the
Social and Economic Conditions in the Basin
Draft Panel Report

Via website: www.basin-socio-economic.com.au

RE: Murrumbidgee Irrigation Ltd Submission to the Draft Report on the Independent Assessment of Social and Economic Conditions in the Basin.

Murrumbidgee Irrigation is one of the largest private irrigation companies in Australia servicing over 3,000 landholdings owned by over 2,500 customers, the majority of whom are shareholders in the Company. Our core business is water distribution. We provide irrigation water and drainage services to the Murrumbidgee Irrigation Area (MIA) which covers close to 380,000 Ha.

Murrumbidgee Irrigation has participated in all three tranches of the Private Irrigation Infrastructure Operators Program. As a result, \$348M has been invested in infrastructure in the MIA in return for over 50,000ML of water entitlement. We are also an active member of the National Irrigators' Council and support the extensive submission of that peak body. We would like to highlight the following points that are of particular relevance to our operations and region.

1. Investment in Infrastructure provides real savings and enables a step-change in the operation of irrigation businesses (Panel's Draft Findings 29, 34, 38, 44 and 47)

We do not agree with the Panel's statement that there is little evidence to suggest that infrastructure investment has not helped Communities to adapt.

Funding under the various rounds of the infrastructure programs has undoubtedly contributed to the future sustainability of the MIA, via reconfiguring inefficient parts of our network (like the Wah Wah Stock and Domestic system) and fast-tracking automation of our water delivery system and asset refurbishment works. These investments have already delivered major operational efficiencies for Murrumbidgee Irrigation and productivity gains for our customers.

It has been our experience that investment in infrastructure provides real savings and enables a step-change in the operation of irrigation businesses. Further, the best efficiencies have been achieved by complimentary investment in both the irrigation network and on farm infrastructure (for example our automation program). We agree with the Panel's statement that "these investments are enabling farm systems to become more flexible and adaptive to changing intra- and inter- seasonal conditions." (p57). The improvements when jointly planned create improved water efficiencies both on and off farm.

We do not agree with the Panel's draft finding 34 with respect to increasing network costs. The whole of lifecycle costs for the improved system, when operated correctly and completed throughout the network, is lower than a manually operated system which has extensive labour needs. In the case of Murrumbidgee Irrigation, investment in our Network has already enabled us to maintain our customer price increases at CPI and reduce our delivery entitlement charge for the last two consecutive years. Governments must find a way to support infrastructure operators to complete these programs.

In addition, the Panel's statement that off-farm efficiency programs do not require the handover of entitlements from the consumptive pool (p.53) is incorrect. Water Entitlements are transferred to the Commonwealth in exchange for infrastructure funding. Allocation that would accrue against those entitlements that is not required for water delivery (conveyance) is generally made available to the productive pool by infrastructure operators either through an allocation enhancement to its customers or via the water market.

2. The 2024 deadline limits opportunity for achieving the SDL projects and needs to be more flexible (Panel's Draft Recommendation 2)

SDL projects deliver positive environmental outcomes. We support the Panel's recommendation to slow the pace of water recovery going forward. The 2024 deadline limits opportunity for larger projects and needs to be more flexible. There are still water savings to be achieved from investment in infrastructure especially at the irrigation network and river operations level (eg through investment in surge reservoirs). In addition, we support the program being able to exceed 650GL rather than being bureaucratically capped at 605GL and to enable the substitution of projects where current projects do not meet business case or community impact hurdles. These changes are even more urgent considering the current COVID-19 crisis which will result in at least a year delay to these projects.

3. Investment in constraints is essential and must include a review of river operations and Inter Valley Transfer rules (Panel's Draft Recommendation 6)

We agree with Panel's conclusion that without resolving constraints, the anticipated environmental outcomes from recovering additional water are not deliverable. We note that the focus of the panel has been on the Barmah Choke and the current concerns around expanding horticulture and risks to physical deliverability. We note that river operations in some areas has exacerbated constraints and artificially limited environmental outcomes. Examples of operational constraints in the Murrumbidgee Valley include the current operational limits at Wagga and the significant losses at Yanco Creek when high flows are required in the Murrumbidgee River to meet Mid-Murrumbidgee environmental watering objectives. River operating rules must be included in any consideration of constraints and river losses. Greater transparency of river operations including river losses is required across the basin.

The focus on deliverability fails to include a review of operational rules or other demand management tools like unbundling water and delivery rights. More than a decade ago, Irrigation Infrastructure Operators were required to unbundle water and delivery in response to the Water Act. In irrigation districts water delivery rights are now separate from water and tradable across the network ie your rights to receive water at a particular flow rate are separate from rights to an amount of water allocation. State governments have not progressed

unbundling of water rights outside of irrigation districts. This should be progressed as a matter of urgency to avoid continuing the inequities between irrigation districts and other irrigators and the use of Inter Valley Trade restrictions to manage delivery constraints.

4. Cultural Water must be addressed as part of the Basin Plan

We note the Panels extensive comment on cultural water and support the contention that this must be addressed as part of the Basin Plan through existing water and property rights. A further round of reform post 2024 to address cultural water needs will create unnecessary uncertainty and stress for communities.

Murrumbidgee Irrigation remains available to assist the panel with further information at their request and would be pleased to host members of the Panel on a tour of our area to demonstrate the efficiency savings from infrastructure funding when this is again practical.

Yours sincerely

A handwritten signature in black ink, appearing to read "Brett Jones", with a stylized flourish at the end.

Brett Jones

Managing Director and CEO