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Productivity Commission

Via website: [www.pc.gov.au](http://www.pc.gov.au)

## **Murrumbidgee Irrigation Ltd (MI) submission to the Productivity Commission: Murray Darling Basin Plan Implementation Review 2023**

Murrumbidgee Irrigation Ltd (MI) met with the Productivity Commission as part of their regional community consultation program. We note that the consultation findings will inform the Productivity Commission's work. Key points from our discussions are highlighted in this submission. Specifically, this can be broken down into four key areas of consideration:

- Investment in **infrastructure works** at all scales (farm, irrigation district and catchment) and should be combined with operational changes to fully leverage system benefits.
- SDLAM was designed to protect communities, it requires **more time and different projects** to succeed.
- The project **delivery model must change** to one that is informed by government and delivered independently.
- **Buyback is not the answer** to delivering the Basin Plan, impacts on communities and the economy will be too great.

### **Investment in infrastructure works and should continue**

Investment in infrastructure should remain a key driver in the approval of projects under SDLAM. The development of water infrastructure ensures that water is flowing in the most efficient way possible. Investment in both off farm efficiency programs and on farm water use management has worked well in delivering on key Basin Plan objectives. There is opportunity to further realise infrastructure benefits at the river and catchment scale.

Programs such as Private Irrigation Infrastructure Operators Program (PIIOP) in New South Wales and the On-Farm Irrigation Efficiency Program (OFIEP) have demonstrated that investing in the modernisation of infrastructure and irrigation systems drives innovation and the creation of more opportunities for water saving. Projects delivered under these Programs have fostered an environment of innovation and efficiency that has increased the productivity of each ML of water delivered. Our experience as an irrigation district has been that on farm efficiency measures are magnified when they are integrated with broader network improvements.

Similarly, as we have modernised our infrastructure and automated our delivery network, we have found that infrastructure alone provides modest benefits. The biggest and most consistent delivery efficiency improvements are achieved when automated infrastructure is integrated and supported with operational and rule changes that drive system wide improvements.

To date the infrastructure focus has been at the farm and irrigation districts scales. There are opportunities at the river management and catchment scale to augment existing infrastructure and adjust operational rules and practices to provide further delivery efficiencies and meet environmental objectives (Eg Murrumbidgee Optimisation proposal – currently under consideration by the NSW government; Murray Irrigation Ltd Reconnecting Floodplains project also under funding consideration).

### **SDLAM requires more time and different projects**

The consideration of new projects is imperative to the success of the Basin Plan in meeting its long-term objectives. Constraints management and new supply projects are necessarily complex and involve a range of stakeholders and competing needs. They must be delivered carefully and without the burden of unrealistic timeframes. Current indications are that an additional 5-10 years will be required to deliver NSW constraints projects.

In the experience of Irrigation Corporations, investment in the modernisation of water delivery infrastructure and networks highlights the important contribution increased re-regulation and system control have on meeting SDLAM objectives. To this end, Murrumbidgee Irrigation and Coleambally Irrigation have partnered together with the intention of delivering a project aimed at river optimisation in the Murrumbidgee. The Murrumbidgee River Optimisation project highlights opportunities for river re-regulation utilising existing structures boasting environmental and operational improvements. Specifically, this project is aimed at enhancing mid-Murrumbidgee storages and better control of Low- Bidgee flows. It has the potential to deliver c.160GL of SDLAM measures.

The project has been submitted as an Off-farm Efficiency Project (OFEP) and is currently being considered by the NSW state government. The Murrumbidgee Optimisation project does not fall within the definition of a supply or efficiency project, instead offering elements of both. However due to current funding limitations, there is no opportunity for industry stakeholders to submit projects directly (be the project proponent) for funding or to seek funding for projects which have elements of environmental supply and delivery efficiency.

By extending the Basin Plan timeframes we can ensure a comprehensive and adaptive approach to managing the basin's water resources for the benefit of both the environment and the communities that rely on it. Any extension must be realistic in order to provide the necessary time and resources to assess the outcomes of the existing plan, address the shortcomings or gaps, and incorporate updated scientific knowledge and key stakeholder input. One avenue to support new solutions is through the OneBasin Cooperative Research Centre (CRC).

The CRC is a national-scale platform funded by the commonwealth Government's CRC Program. It is the largest partnership of its kind in the Murray Darling Basin (80 partners). It brings together an exceptional interdisciplinary research team from across south-eastern Australia. The Commonwealth (primarily through the MDBA) and Victorian, SA and NSW state governments are partners in the One Basin CRC. The CRC is focussed on collaboratively developing solutions for real world impact and has potential to help address project barriers and support the delivery of Basin Plan programs.

## **The Delivery Model must change**

The current model for delivering projects under SDLAM has failed to deliver the objectives of the Basin Plan. To ensure effective monitoring and implementation of SDLAM projects the Commonwealth should consider the establishment of an external oversight body. An independent entity dedicated to overseeing the implementation process, would foster transparency, accountability, and unbiased decision-making. The oversight body would actively monitor the progress of projects, many of which are complex, interdependent and require extensive consultation.

This type of model has been successful in other water recovery programs such as the Water for Rivers entity that procured and returned water to the Snowy River. The Commonwealth alongside the Victorian and New South Wales governments established a company (limited by guarantee) that was responsible for identifying and implementing water saving projects within various catchment areas. The program was highly successful and contributed recovered water for environmental releases for the Snowy and Murray Rivers. An external oversight body removes the influence of political structures and is more able to adapt to changing circumstances and evolving needs.

## **Buyback is not the answer**

The socio-economic consequences of extracting significant amounts of water from the consumptive pool are profound. Local communities should not be burdened with the repercussions of a government-led plan that has failed to fulfill its commitments made over a decade ago. With reduced water availability, agricultural productivity declines, leading to a decrease in economic activity, job opportunities, and a severe impact on industries reliant on the farming sector. The adverse effects of buybacks are well documented (including by the MDBA, University of Canberra and the Sefton Review) and already evident within some communities. By comparison, the investment in infrastructure has returned gigalitres of water for the environment and supported communities and the economy.

Submissions by the NSW and National Irrigators' Council's as well recent statements by Senator Perin Davey have identified the cost to buy back water to complete the Basin Plan at between 10 and 20 billion dollars. This is simply not feasible or achievable from a community or economic perspective. Strategic buybacks may have a place in finalising the Plan (provided socioeconomic impacts are addressed) as well as water derivative products as identified in projects such as River Reach or Water Futures. Water derivatives provide the Commonwealth with opportunities to obtain water entitlement in a way which benefits both the community and the environment. Projects like these must be considered as simply ignoring them is denying communities the ability to actively engage in opportunities which take a future focused approach to water markets.

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## Background

Murrumbidgee Irrigation Limited (MI) is a customer owned rural water utilities company delivering irrigated water and related services from the Murrumbidgee valley. MI is one of the largest private Irrigation companies in the southern connected basin, with over 3,500km of supply channel servicing the delivery of water to over 3000 customers throughout the Murrumbidgee Irrigation Area (MIA). The MIA forms part of the Murrumbidgee Valley, covering 378,911 hectares, of which an average of 190,000 hectares is irrigated. The MIA has a population of 50,000 people, with many working on farms, and in industries, or businesses tied to these sectors.

Our core business is delivering water in the best way possible to our customers. Murrumbidgee Irrigation has actively engaged with the various infrastructure programs under the Basin Plan. The programs have realised efficiency savings and supported the modernisation and automation of our delivery network.

Murrumbidgee Irrigation was involved in all three tranches of the Private Irrigation Infrastructure Operators Program (PIIOP) delivering over 56 gigalitres water to the environment every year in return for upgrading and modernisation of irrigation channels, installing pressurised systems and continuing with on farm infrastructure upgrades such as automated meters, remote access capabilities, pump stations and general system upgrades.

We have also engaged in the Off-farm Efficiency Program (OFEP) which is contributing water to the 450GL “up water” target of the Basin Plan. A part of this project is the creation of the Roach surge reservoir, an inefficiency in our irrigated systems is the combination of the timing of water orders, deliveries, and wet/dry weather event. This surge reservoir is strategically placed to create additional water storage, to better manage flooding and flows off the river as well as to better manage customer water demands. Another water saving benefit under this project is the rationalisation of assets to better manage how water is delivered and minimise any unnecessary conveyance losses. This project will allow for the remaining parts of the MIA to be fully automated.

The On-farm Irrigation Efficiency Program (OFIEP) was well subscribed in the MIA. Farmers that opted into the on-farm efficiency projects utilised the upgraded automated water management systems to improve their decision-making capabilities, in turn fostering an environment for innovation and growth. Changes such as improved farm layouts, installation of sensing equipment, upgrading to drip irrigation and the installation of new technology all contributed to more efficient water use across the MIA.

Murrumbidgee Irrigation is a Tier 2 partner of the Once Basin Cooperative Research Centre. The One Basin CRC’s objectives align themselves well with the objectives of the Basin Plan. The CRC may provide a national resource to support the development of additional supply and efficiency measures including through changing decision frameworks to address unaccounted water and deliver multiple benefits from every Megalitre of water.