



The Peak body for five landholder associations and 1600 irrigators in the Murray Valley

Submission: Productivity Commission

Inquiry into Government Drought Support

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**Ted Hatty
Chairman**

Introduction

Southern Riverina Irrigators represents 1600 irrigation farm businesses within the mid Murray Valley in southern NSW. Irrigation water is supplied to these farms by Murray Irrigation Ltd (MIL) and each irrigation business is a member of MIL. Murray Irrigation diverts water from the Murray River under license from the NSW Government. The NSW Government in consultation with the Murray Darling Basin Commission determines the available allocation which is then administered by NSW State Water.

Comments

SRI wish to thank the Productivity Commission for allowing our organisation to comment on the draft drought support report and we hereby submit evidence on the Irrigation Management Grant and Exceptional Circumstances assistance.

It is imperative that irrigated agriculture be viewed as a different form of farming than dry land farming due to the capital outlay of infrastructure which has been deliberately designed to deal with climate variability allowing for individual enterprises to be self reliant.

Irrigation Management Grant

Our organisations strong and urgent view is that the Irrigation Management Grant should in fact be funded a second time to assist Irrigators in our region whom are in their third year of almost zero allocation.

Unlike other regions and states, the only specific grants in regard to assistance towards fixed water charges relief was the Irrigation Management Grant funded by the Federal Government. Whilst it is understood that this grant can be utilized until March 2009, most farming business's that were eligible to claim, have accessed and exhausted the grant.

It was evident that the \$20,000 Irrigation Management Grant was of huge assistance not only to the irrigation business, but to Murray Irrigation Ltd (MIL) and the surrounding community.

Irrigators in our region are now faced with having to find finance to pay their 08/09 water accounts. These accounts are primarily fixed water charges. It is notable that MIL, our irrigation service provider has been able to reduce their fixed charges whilst State Water has imposed a substantial increase in their charges. At the same time the NSW Government has been unwilling or unable or both to match its Victorian counterpart in assisting its irrigators.

Our only concern with the 2007 Irrigation Management Grant was that many of our members fell through the cracks in terms of eligibility. We would like to discuss the eligibility criteria.

Exceptional Circumstances Assistance

The irrigation farming sector were the last farming group to be granted eligibility for Exceptional Circumstances (EC) assistance, and unlike the dry land farming sector have had the added expenditure of paying fixed water charges. It is likely that there will be a gap between rain falling and the recovery of irrigation allocations. As a result of this, the need for ongoing assistance for irrigators is paramount.

Our irrigators suffer a lagging period of recovery from drought due to the time it takes to replenish the storages to provide for irrigation. This prolonged period is exacerbated by the added expenditure of infrastructure and delivery of water. The Southern Riverina is by far the worst hit region in terms of both lower rainfall and allocations at or just above zero for the past three years. The majority of the region is primarily irrigation; therefore businesses have historically been structured with the security of a water allocation.

Whilst we understand a review of EC may recommend changes to the criteria, we cannot stress strongly enough the need in our region for EC to continue until our water storages and farmers have recovered.

Any changes to the drought support system must not leave farmers worse off than the current bench mark EC system.

Summary

The irrigators of southern NSW are in dire need of assistance. Their needs are being ignored by the NSW Government. A revamped Irrigation Management Grant is required urgently.

The continuation of EC until our water storages and farmers have recovered from this ongoing drought is essential.

Consideration of any new drought support system must not leave farmers worse off than the bench mark EC program.

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