

Stephen Archard
"Glenesk"



Ms Cynthia Tupicoff
Assistant Director
Murray-Darling Basin Inquiry

By email waterinquiry@accc.gov.au

13 December 2019

Dear Cynthia,

I write to you, further to our telephone discussion on 20 November, 2019 regarding my thoughts on water trading problems such as corporates sitting on water and manipulating prices. I also have some issues with the way some of the environmental water has been purchased.

I will start by giving you a brief on my background, as it is relevant with respect to these issues. For the past 10 years I have been a full-time farmer/grazier in NSW on the Wakool River East of Swan Hill, Victoria. Prior to that I was a part owner of a long-standing irrigation business called Archards Irrigation.

Archards Irrigation was managed from its head office in the township of Cohuna, Northern Victoria (between Echuca and Swan Hill). The business provided survey and design services for irrigation, project management of irrigation developments and also manufactured & installed irrigation products and installed pump systems along all the major water ways. Archards Irrigation was also one of the leaders in the development of the business of water trading in Australia until the sale of the business to Ruralco in 2007. It then became a major base for Ruralco's water trading business.

Archards Irrigation was a leader in the provision of irrigation layout design services and design and manufacture of products tailored to suit all flood irrigation areas, stretching from the Ord River Irrigation District in WA, and from Southern Queensland to Southern Victoria and South Australian irrigation areas.

My own role in Archards Irrigation was as land surveyor and manager of the business. The reason I have mentioned my status in the business is because my role in the land survey sector allowed me to work widely across Australia in both irrigation and non-irrigation areas. My experience in this area places me in a good position to be able to raise some concerns about how some of the government's environmental water was procured. I do not have an issue with the environmental water; just the way some of it was obtained.

Anabranh Water Purchase

The first of these purchases I would like to comment on was from the Anabranh system between the Menindee Lakes and the Murray River at Wentworth; approx. 400 km of creek system with an allocation of 50,000 megalitres of water. When this creek flowed, the system was alive with birdlife, fish and a broad range of aquatic life. The ecosystem had evolved well to work with the timing of the flows released from the Menindee Lakes.

The NSW government removed the licence and replaced it with a stock and domestic water line. The removal of the 50,000 megalitres from the Anabranh allocation so that it could be pooled with environmental water has turned this stream into a dry creek bed, undoing 100+ years of a water system that had evolved around the stock and domestic flows.

On the other hand, I have just witnessed a flow of 30,000 megalitres of water through the Koondrook Perricoota Forest; an environmental flow, such as that proposed for use of the 50,000 stripped from the Anabranh. After the water flow into the forest is turned off it starts to transform into a dead black waterway in which nothing can live, and the remaining water evaporates. I am aware there are gains in this flooding, however these could not possibly compare to the value of such as the Anabranh system which had long lasting impact for the whole Summer to its surrounding environment in air, land and water.

Our company, Archards Irrigation, took it upon ourselves to undertake a project within the nearby Gunbower Forest in the early 1990's to survey a section of the forest with the view to being able to show Parks Victoria what could be done with controlled flooding of the forest. Our results were moth-balled for around 10 years until someone in the Department came along with the foresight to be able to see our vision. In recent years, this has become the foundation of a regular flooding regime. (We carried out the works for this at our own cost.)

We have also been instrumental in undertaking surveys and works at Johnson's Swamp and Hird's Swamp and other swamps around the Kerang area. My father, Stan Archard, is still actively involved in the management of some of these swamps. I say this to show that I am not against the concept of environmental watering.

Nimmie-Caira Water Purchase

I have also been privileged to have worked on the Lower Bidgee system on the Murrumbidgee River at Maude and Redbank (Balranald) for approx. 25 years on an ongoing basis, liaising with local farmers and/or State Water.

Over the 25 years that I worked on the Lower Bidgee system our company had been contracted to survey and design most of the irrigation works that you now see throughout both the Maude and Redbank flood plains. I am proud to have been involved in the design and building of the flood plain, both agriculturally and environmentally. This system had included a body of water, for example, that operated effectively as both a water storage area for the farmers and a wetland with high environmental value.

It is with great sadness, however, that I have seen the decline of the Low Bidgee area since the water was sold to the NSW State Government "for the environment". As a result, the wetlands that had

been created around the irrigation structures either deliberately or incidentally have all but all disappeared due to the water allocation having been taken away with the absolutely no regards to the complex ecosystem that had been established there.

There was a massive silky ibis rookery in one of the wetlands. This particular storage was always given high priority water to keep the colony flourishing. NSW Government shut the doors and walked away with the environmental water. The whole Nimmie-Caira system was moth balled for 6 -7 years with no regards to all of the wildlife that had evolved around the system.

Everybody congratulated each other on obtaining this water "for the environment", with total disregard for the environment where the water was taken from. Whoever thinks that they are going to turn water back onto this system and re-create what originally took 50 years to create is kidding themselves and everybody around them. The NSW government has carried out further works in the past 12 months without using any local knowledge of the workings of the flood plain.

The purchase of the water off the flood plain clearly demonstrates a lack of understanding of the environmental value of the flood plain. To my way of thinking, the NSW government has over-stepped the mark for purchasing water. The water agreement for the flood plain (The Water Distribution Rules for Extractions under Supplementary Water Access Licences from the Murrumbidgee Regulated River Water Sources) clearly states that the water could not be used for any other purpose than on the flood plain at Maude.

The government changed the water licence in the Nimmie-Caira area from area allocation to volumetric based allocation. This had the effect of changing the nature of the water licence to one which could be sold to the government; prior to this change, that could not occur as the water entitlement was linked to the holding of the land. Very soon after the change, the government purchased the water – was this just a convenient coincidence or deliberate manipulation?

There is a similar irrigation system downstream of Nimmie-Caira, between Maude and Redbank weirs – have similar changes been made in that area (changing from area to volumetric licences)? If not, why not?

I bring to your attention a report of the Auditor-General (No. 29 of 2014-15), regarding the purchase of environmental water from the Lower Bidgee area. It is named "Funding and Management of the Nimmie-Caira System Enhanced Environmental Water Delivery Project". This report mentions the high importance of the flood plain to the environment and that the government's purchase of the land and water would allow them to take care of the floodplain. They took the water and shut it down for 6 – 7 years. During that time there was only one natural flood. Once again, an example of environmental devastation being delivered by the government in the name of accessing water "for the environment".

I will be happy to provide you with detailed commentary and suggestions for lines of investigation arising from this document, on request.

I would strongly recommend that you read this report of the Auditor-General. It raises many questions regarding the manner in which the deal seems to have been put together and pushed through to completion without having put in place all due process and checks and balances along the way.

Suggestion for Water Trades

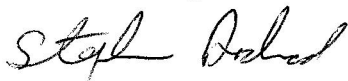
On another matter, I also have a suggestion that you may consider in relation to the market for the trading of temporary water allocations. As you are aware, farmers such as myself have been crippled by exorbitant prices in the market, which have partly been caused by the manipulation of water markets by non-landowner water holders.

I suggest that a restriction should be placed on temporary water that has been carried over from a previous year, such that it not be allowed to be sold to any other party. Temporary water would be only allowed to be traded in the original year of allocation. If not used in the original year of allocation, the water could be carried over for use in a later year, but not transferred to another holder.

This restriction would stop the non-landowner water holders from holding back their allocations from the market and allowing them to carry over, waiting for the optimum (highest market price) opportunity to sell their water. It would have the effect of increasing availability of water on the open market for farmers to buy as the non-landowner water holders would be very keen to ensure that they sell their allocation before the end of the season. In addition, this would be likely to reduce the pressure on the government's water storages and allocations as much of the amount currently in storage represents water carried over from previous years.

Please feel free to contact me if you would like to discuss these matters further.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'Stephen Archard'.

Stephen Archard