

From: Jeff Knispel <[REDACTED]>
Sent: Tuesday, 22 October 2019 2:30 PM
To: Water Inquiry <waterinquiry@accc.gov.au>
Subject: Murray -Darling Basin Inquiry

Dear Consultation hub Members, my family have owned irrigated citrus properties in the Riverland region of South Australia since the early 1930's, we currently own approximately 300 Ha in the towns of Waikerie and Moorook all planted to citrus as our business today is vertically integrated into citrus packing, fresh juice manufacturing and longlife UHT processed beverages all distributed nationally and internationally.

Apart from growing up with the general knowledge that Australia for the most part is one of the driest continents on earth, and living in a small Riverland town where the culture requires that everybody's house had a rain water tank that was always a very important part of the infrastructure, including every implement shed or garage all plumbed back to ones principal place of living, serious threats to irrigation water security was not often considered until 2006.

I believe in the early 1980's Murray Darling Basin inflows were at one of those regular low flow cycles that was serious enough to prompt a round table emergency federal gathering of engineers, scientists, politicians, environmentalists and perhaps some irrigation water user stakeholders to ask the question , "what would we all do if low flows continue to repeat as they do but we have bigger populations and continue to expand the hectares of land under irrigation"?

From those meetings I believe NSW, Victoria and SA agreed to limit the issuing of irrigation water licences, which NSW ignored, however It seems nothing else positive was resolved, or at least it seems, as no infrastructure projects were permitted to be embarked upon in an effort to partly drought proof our nation because the inevitable low inflow pattern presented itself leading up to the 2006 irrigation year that as a nation we were again not prepared for.

Coincidentally as we headed towards a train wreck, the first of 4 consecutive years of water restrictions hear in SA, 2006---2010, we had our Central Irrigation Trust motivated by a desire to maximise water sales to growers, after all their income mostly came from the sale or consumption water, suggesting to growers that they were consistently only using about 75% of their allocation, and that if this trend continued then "if you don't use it, you might lose it ". As a result growers were being encouraged to either sell or lease their surplus water out, { this was now possible as a result of a change in the law that now separated land from water } or alternatively plant up every square inch of their available land so that they would use close to 100% of their irrigation entitlement each year.

This now leads me to the question that is the subject of your enquiry , the current water market, normally I would be the first to support the principals and effects of free trade, market forces and supply and demand. In the case of the water market and with the benefit of Hind Sight I have had second thoughts with respect to placing water generally in the category of a commodity like gold or shares in BHP.

I think that if it was possible with carefully thought-out wording, we should exclude the trading of water to those that are just speculators in the water market, it should be limited to appropriate land owners and those directly related to irrigated land needs, environmental flows and Critical Human Needs consumption.

In global terms Australia is only a small Horticultural type produce producer, the current high price of permanent high security water or temporary leased in water means that the available water will go to the highest value crop , in this region and probably the Sunrasia, this will most likely be

almonds. In part this is because China and the USA are in the middle of a trade war that is resulting in unprecedented high prices and volumes being exported to China. The risk is that while citrus growers and wine grape growers turn off irrigation to their now unsustainable permanent plantings, and almond growers chase the bonanza it could change overnight if the trade dispute between the USA and China is resolved and the demand shifts back to the USA and away from Australia. In the meantime the citrus industry and grape industries production will have dropped and also they may have lost their markets to countries like Chile and South Africa.

We need to protect a broad base of production incorporating a variety of products.

In summary the current water market has now put water at such a high cost that the ability to recover this in the sale of goods produced from most irrigated horticulture businesses is not achievable and therefore those businesses are unviable for the interim.

Possible partial solutions

- 1 limit the trading of water to actual water users, [the wording of that legislation will be a challenge]
- 2 Investment in infrastructure at the Murray mouth to conserve 800 gig litres of fresh water lost to evaporation.
- 3 Investment in new dams on the East Coast to produce new hydro electricity generation, from this will come flood mitigation and via aqua ducting additional environmental and irrigation flows west of the Great Dividing Range.

Kind Regards,

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