

To the ACCC, regarding the inquiry into water trade;
Thank you for the opportunity to make a submission.

I am an irrigator at Moulamein and also a holder of NSW Murray General Security water entitlements. My husband and I have raised a family on our farm and grown rice, cereals and run livestock. First as share farmers and after a lot of hard work we managed to purchase several farms in the district with water entitlements attached.

It is with sadness that I see how we have been misled and to put it bluntly; in some cases lied to about the water reform process. The NWI made great fanfare of "clear and nationally-compatible characteristics for secure water access entitlements". The National Plan for water security's Malcolm Turnbull wrote to the VFF on 16 April 2007 stating "The NPWS represents an extraordinary offer to provide a more certain future for Australia's irrigation sector, particularly for those in the Murray-Darling Basin." The Basin Plan, in conjunction with The NSW allocation hierarchy likely seal our fate as an unviable irrigation area.

Where are we now?

NSW Murray general security irrigators and their communities are at the focal point of the water reform process and their futures could not be more uncertain. The yield on our General Security access entitlements have eroded significantly since 2004 and all indications are that this will continue until they are almost unusable in all but flood years. This is highlighted by the RMCG report released by the RGA on the 26th of November. It is sad to see government departments falling over themselves to discredit the report, particularly the NSW department. If RMCG are getting it wrong, and I don't think they are, so much for "transparent, statutory-based water planning" and Clarity around the assignment of risk arising from future changes in the availability of water for the consumptive pool" as outlined in the NWI.

The distortion of trade and the third-party impacts of trade have also had a major impact on this region. The following concern me:

- The trade of allocations and entitlements below the choke have exacerbated delivery issues with resultant third-party impacts from the assignment of losses to third parties. This also applies to the assumptions around 1 ml at Hume equalling 1 ml at the lower lakes. Schedule G of the NWI clearly gives guidance on these issues and I believe, is basically ignored.
- Carryover. The impacts of carryover are poorly understood. This change of irrigator behaviour is not voluntary; but a reaction to late and lower allocations. This has been a major factor in underusage as revealed in the MDBA water take 2017/18 report. In early discussions about the introduction of carryover with the NSW department the following principle was taken as a given. One entitlement holder's carryover decision should not have an impact on another entitlement holder's allocation build. That is exactly what happens now. On several occasions NSW has announced that gen sec allocations cannot increase until more space is available in the dam. I am now a regular user of carryover; but it gives me little joy that I am collectively impacting on my fellow gen sec users.
- NSW Murray gen sec is now a major tool in building quasi High security products. You use the 50% carryover provisions to move water into Vic low reliability which is almost unspillable. Then you can push water downstream to permanent plantings or just play the market. Vic low security entitlements have tripled in value in the last 3 years even though they no longer effectively have a yield. They are a tool to top up Vic water usage from NSW.
- I have a \$600k pump on the Edwards that is below the choke, part of the water efficiency funding program, on a zero access WAL. It is 600 meters from my MIL outlet that is above the choke. I like to transfer some of my MIL allocation to my pump. This requires sign off from MIL and state water. Takes about half a day at best. In Vic, I believe it can happen with the press of a keyboard button. In NSW they even keep the fee if the window closes and you are unsuccessful.
- The principle of allowing returns per ml to shape the future of irrigated agriculture is clearly flawed. In the preamble to the NWI it states in the second sentence, "Australia's water

resources are highly variable” and then promptly forgets all about it. NSW’s hydrologists recognised this over seventy years ago and this was reflected in only 17% of Murrumbidgee being high security and MIL being purely gen sec. The removal of all barriers to trade to allow water to trade to its highest value has resulted in a major slug of water being traded to unsustainable permanent plantings in the wrong place. Both Aither and RMCG reports suggest that as the latest plantings of Almonds come on stream, many will fail at either this drought or the next. Pity the poor investor. The MDB needs a balance between annual and permanent plantings and this is clearly out of order now. The annual cropping agribusiness’s like rice, corn, dairying, cotton are facing significant damage.

- It is a pity that the ACCC has not chosen to exercise its considerable powers in part 4 of the water act 2007 before today when parts of the irrigation sector are at breaking point. Still, better late than never.

To quote the NWI, “governments have a responsibility to ensure that water is allocated and used to achieve socially and economically beneficial outcomes in a manner that is environmentally sustainable”. I believe COAG signatories have not honoured many of their commitments to NSW general security Irrigators.

Kind regards

Deborah Arthur

