

Lower Murray Irrigation Advisory Board

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Mr Ed Willett
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Submission to the 2002 Assessment for Water Reform

Dear Mr Willett

The Irrigation Advisory Board (IAB) has been established with the help of the South Australian Government to represent irrigators' interests in the current round of water reform. The IAB is an advisory body to South Australia's Minister for Water Resources under the Irrigation Act 1994. We have been working closely with individual government departments and we are represented on the Lower Murray Reclaimed Areas Steering Committee, which is the whole of government group concerned with water reform for South Australia's Lower Murray Reclaimed Irrigation Area (LMRIA).

The Role of the IAB

The IAB's aim is to ensure that we have an environmentally and economically sustainable irrigation industry here in the future. Our objectives are to: -

- Work to improve the environmental impact of irrigation
- Secure irrigator water rights and their tradability
- Work to improve water use efficiency
- Determine an appropriate model for self-management

These very much mirror SA Government's stated objectives of: -

- A reduction in the impact of irrigation on water quality
- The efficient use of River Murray water in value terms
- A sound sustainable regional economy
- The devolution of responsibilities of the management of irrigation

The Lower Murray Reclaimed Area

The LMRIA stretches some 80 kilometres from Mannum to Wellington at the entrance to Lake Alexandrina in South Australia. It consists of some 5000 hectares of reclaimed flood plain and some 3000 hectares of associated highland. There are about 120 farms producing up to one third of the state's dairy production. Two thirds of the reclaimed areas are Government Irrigation Districts while the balance are Private Irrigation Districts.

Irrigators started to consider the need for reform of the Lower Murray some ten years ago when they established the Lower Murray Irrigation Action Group Inc (LMIAG) in 1992, during that time, they have conducted studies into the effects of current irrigation practices, the impacts from the surrounding environment and models for reform. In 2000, the State Government recommended that LMIAG establish an irrigator body to work with Government to develop and implement reforms. This policy body, the IAB, was then established with state and federal funding for a two-year period. We have been able to establish a momentum where irrigators are aware of the changes needed and their part in it. While there are clearly many difficulties and uncertainties ahead, we are very keen to maintain the drive for reform. During the last year we have: -

- Completed the concept designs for rehabilitation of nearly half of the area
- Conducted research studies into the environmental impacts of irrigation
- Established research programs for nutrient and salinity monitoring
- Developed a detailed plan for the imminent establishment of an irrigator controlled maintenance operation
- Worked with the Environment Protection Agency to develop a Code of Practise for a significant reduction in the environmental impact of irrigation practices
- Appointed consultants Marsden Jacob & Associates to develop and implement self management proposals which are in their final stages of preparation

Future Options

In 2000, the state government conducted a study to review the options for the LMRIA. The recommendations of the report are: -

1. "the Government support rehabilitation of the most viable areas for flood irrigated dairying;
2. "as a matter of urgency, the Government proceed to determine water licence allocations, rules regarding transferability of irrigation water, drainage management requirements and cost sharing frameworks for rehabilitation options;
3. "the most appropriate rehabilitation option for each swamp be determined following adjustment of the regional dairy industry in response to the combined impacts of increased transferability of water, the new drainage management requirements and dairy deregulation; and
4. "rehabilitation of the most viable areas on each swamp only proceed following a period of restructuring of the regional dairy industry and determination of the most appropriate rehabilitation option in light of this restructuring."

(Consultancy for Lower Murray Reclaimed Irrigation Areas Options Study: Stage 2. Prepared by PIRSA through PIRSA Rural Solutions for the Lower Murray Reclaimed Irrigation Areas Steering Committee, June 2001, Conclusions and Recommendations)

As a result of this report, late last year, the LMRIA Steering Committee commissioned a 'Funding Study' to determine the appropriate levels of Government funding of rehabilitation and restructuring. We understand that this report is near completion and we look forward to its publication.

Current Areas for Discussion

Irrigators are committed to the reform process and recognise that with Government we must deliver the change that we know must take place. However as part of this process irrigators need to ensure that the change process takes proper account of our need to sustain a viable community for all concerned. Particular areas of concern for us are: -

- The long-term security of water for agricultural production
- Increased responsibility for irrigators in implementing reform
- A timetable for development

Water Security

The Government 'Options Study' recommended the rehabilitation of the most viable areas of the LMRIA and that dairying provide the greatest financial returns for the next twenty years. Engineering consultants in the development of concept designs for new irrigation infrastructure also worked on a twenty-year timeframe. All of the deliberations have been based on developing a sustainable irrigation scheme with a time frame of between twenty and fifty years.

The Draft Water Allocation Plan when implemented will allocate water in line with the Murray Darling Basin Commission Cap. The Cap for the Lower Murray is based on crop requirements, taking account of climatic variations and environmental land management requirements at best practise. When fully implemented this will lead to an anticipated reduction in water use of some 70 GL or 40%.

Irrigators are concerned that the Water Resources Act allows for the Minister to reduce allocations and the Draft Water Allocation Plan, which sets water allocations, has a maximum life of five years.

We understand the need to know that these investments are for the long term as this applies to irrigators as it does to Government. We also understand the pressures on the resources of the River Murray. We are seeking to ensure that the investments we both make are based on the premise that there will continue to be sufficient water for agricultural production in the future.

We note that the Commonwealth has attached a high level of importance for the need for certainty of access to water. We cannot agree with the South Australian view that the system of property rights provides sufficient security for irrigators. We have raised this with officials in the Department for Water Resources and the Department for Primary

Industries and the appropriate Minister before the recent State election. We have written to the new Ministers raising this amongst other issues.

Responsibility

The IAB, on behalf of irrigators is keen to speed up the process of devolution of irrigation scheme management. We are addressing this in three particular areas: -

- Operations and Maintenance
- Rehabilitation
- Self Management

Sustainable irrigation can only happen with the support and co-operation of irrigators, we need to identify the skills and resources necessary for the future and ensure that they are developed to meet all reasonable financial, environmental and managerial considerations. The processes and standards for irrigators to increasingly take responsibility for the future need to be spelt out, so that we know what we have to do. We have seen at first hand how the hurdles increase, the closer we get to want to assume these responsibilities. To some extent we understand this fretting, as Government is asked to give up some control, while still retaining a great deal of responsibility

Operations and Maintenance

SA Water on behalf of the Department for Water Resources carries out the operations and maintenance function for the Government controlled parts of the LMRIA. We have developed a business plan where an irrigator owned and controlled body can carry out these tasks and assume greater levels of responsibility prior to formal self-management. We have met considerable Government resistance in the early stages, which we were able to surmount. The Government has now agreed to consider the issue after we presented a business plan. We are still, months later, awaiting a copy of a draft agreement for this to proceed.

Rehabilitation

The State Government has secured initial funding from the National Action Plan on Water Quality and Salinity for development works in the LMRIA. We have sought to manage these. The Governments view is that they are better equipped to manage these projects, and while committed to our involvement will not cede control. We believe that for us to succeed in the long-term, we need to develop the skills systems and resources necessary to run a successful irrigation scheme. We understand the Governments responsibilities and needs but we are not convinced that they are necessarily best suited to manage our irrigation redevelopment. We believe that rigorous, reasonable and proper controls need to be established to ensure that the community's investment is accounted for. We are asking for the Government to support us in identifying and assisting us in the development of these skills so that irrigators can accept ownership of the future at a very early stage.

Self-Management

We are currently working with advisors to help us develop a sustainable position for self-management for the future. They advise that in the past decade there has been significant

change in the control and management of Australian irrigation with all Governments other than Queensland pursuing an active strategy to pass control from Departmental hands to the local region. Experience elsewhere is that: -

- Government severs ongoing financial liabilities and withdraws from hands-on intervention leading to a changed political dynamic;
- Governments have been concerned to ensure that the arrangements for self-management reduce three prime risks:
 - Ongoing financial liabilities to the State
 - Environmental damage
 - Failure to adequately maintain long-lived infrastructure

Thus in virtually all cases Government have used the opportunity provided by the changed arrangements to implement improved environmental licensing frameworks and have insisted on robust mechanisms to finance and ensure long-term asset replacement;

We are of the view that we should establish an irrigator-controlled body at an early stage, where we can assume greater responsibility as the reform progresses rather than wait to the end. This will assist the irrigators to move away from the Government umbrella and to play a greater role in their future. While we understand the role of procedures and regulations and recognise that they must be followed. We feel that a staged progress to devolution will be beneficial to all. We believe that great progress can be made this year.

The reform of the Lower Murray is a complex issues. Indeed the LMIAG started on this process some ten years ago. We do appreciate the involvement with Government and our day-to-day work with the various agencies. We are not critical of the process, it is to be expected that while we share the same objectives, our priorities and concerns will vary from time to time. We have seen a lot of progress in the last couple of years, however it is very important that we maintain the momentum if we are to ensure that irrigators make the long-term commitment that is needed for as successful future.

Yours sincerely

Denis Hicks
Chairman