

# MPII UPDATE

**Murrumbidgee Private  
Irrigators Inc.**

P O Box 342 Finley NSW 2713  
Ph: 03 5883 4445  
Fax: 03 9017 8987  
www.mpii.org.au



October 2009

## NOTICE OF ANNUAL GENERAL MEETING

**WEDNESDAY 28 OCTOBER 2009**

**COMMENCING 2.45 PM**

**ANDRE ROOM**

**DARLINGTON POINT CLUB**

Dear Irrigator,

MPII will be holding its Annual General Meeting on the 28th October 2009 commencing at 2.45pm in the Andre Room at the Darlington Point Club.

Danny O'Brien, CEO of the National Irrigators Council will be attending to inform us of the charter of the organisation and to present an update on current issues.

A representative from State Water will be present to deliver a power point presentation on the new internet Water Ordering System iWAS.

Mark Moore policy officer from NSWIC will be present to update us on current issues.

### Agenda Items

1. Discussion - membership - National Irrigators Council
2. Discussion possibility of Murrumbidgee Private Irrigators Inc and Murrumbidgee Groundwater Inc merging

*We are looking forward to your attendance and participation.*

*Kind regards*

*Jennie Hehir*

### MINISTER WONG REQUESTS FURTHER CONSULTATION ON PRICING

The ACCC recommended that it was best placed to undertake pricing determinations under the Water Charge Rules. Via NSWIC we have suggested that IPART was the best entity to undertake such determinations.

In light of the number of stakeholders seeking that bodies other than the ACCC be accredited, Minister Wong has asked the ACCC to further consult on this matter.

### NSW Office of Water (NOW)

Due to the restructuring of the NSW Department of Water and Energy we now have the NSW Office of Water (NOW) in the new Department of Environment, Climate Change and Water (DECCW). NOW will be established in the new DECCW which will include: the Water Management Division; Water and Legal Compliance Division; Water Utilities; Metropolitan Water plus a pro rata share of corporate resources from the Department of Water and Energy. We can confirm that the Office of Water has been established and that David Harriss has been appointed as the Commissioner.

### WATER ALLOCATIONS AT TIME OF PUBLICATION

General Security 3%  
High Security 95%  
Carryover 100%

**Email us:**

[jenniehehir@bigpond.com](mailto:jenniehehir@bigpond.com)

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### Officer Bearer Contact Numbers CEO

Jennie Hehir  
P O Box 342  
FINLEY NSW 2713  
03 58834445

### Chairman

Murray Shaw  
“Uri Park”  
Darlington Point 2706  
02 69684109

### Vice Chairman

Nick Maynard  
Woolloondool Farms  
Hay 2711  
02 6993 4028

As we all face another disappointing finish to the current season after a reasonable start, it was pleasing to hear that Murrumbidgee General Security has opened at 3% with High Security increased to 95%. I search for other positive aspects which at this point in time can only be that we are one day closer to a descent season for a change.

The main focus for our organisation has been the acceleration of the water buy back and the awaited roll out of the On Farm Efficiency Projects (OFEP). In regard to the water buyback MPII maintains the position that water entitlements are a property right which irrigators' have fought long and hard for. We understood the reasoning behind the NSW Government placing an embargo on future sales of permanent entitlements to the Commonwealth until a level playing field was reached with Victoria; however, this action has effectively taken away the purpose of the property right. After several months of political negotiations the embargo was finally lifted on the 16th September 2009 with restrictions applying. As a result the Commonwealth Government can only purchase up to 60 gigalitres over the next twelve months. Please read more intricate details on the embargo below.

Most of you will be aware that there are other avenues to trade your entitlements which we have listed below. I would also like to point out that there are alternative opportunities other than selling permanent water entitlements which you will see following in the newsletter. At the end of the day it is a personal business decision as to what price you are prepared to accept for your water and to whom you wish to sell to. In our last newsletter we provided information re - the Commonwealth's proposed \$300 million On Farm Efficiency Projects (OFEP) that will supposedly be rolled out early next year. The information in the last MPII newsletter was a draft of the guidelines for the projects. We anticipate that the final draft will be released sometime this month.

The MPII executive have been involved in several consultation processes with input into the final guidelines. There were many negative issues within the draft guidelines. We await the final guidelines and have been informed that our suggested changes have been taken into consideration.

MPII met with the Minister for Water, Senator Penny Wong and Parliamentary Secretary for Water Dr Mike Kelly in Griffith on the 2nd September 2009. Whilst we can't report a positive outcome, we appreciated being given the opportunity to convey our concerns in regard to the distortions occurring with the buyback process. We drove home the message that our communities are in dire need of reassurance from the Commonwealth that irrigated agriculture does have a positive future ahead once our seasons return to what is considered normal.

In closing MPII continues to represent your interests on all levels. It goes without saying that the hurdles we are required to jump are very high due to the dreadfully dry period. It is consoling to hear politicians finally admitting that the current drought is in fact a dry period.

*Murray Shaw*

## EMBARGO

There has been much controversy over the NSW Government's decision in late May 2009 to place an embargo on all permanent water entitlement transfers from NSW to the Commonwealth under the Restoring the Balance program. The placing of the embargo was spurred on by the aggressive purchasing of water entitlements and notably the large sale of water from the Twynam farming

group. The Twynam sale swung the pendulum way above purchases from other states and in particular Victoria. The NSW Government's reasoning was to make a stand and request that the Commonwealth procure water equitable across state borders. During the process, Victoria has relaxed their trade barriers. After much negotiating, the NSW Government finally settled on a volumetric limit of 890 gigalitres (GL)

for five years. 560GL has already been contracted to the Commonwealth some of which has been stalled by the embargo. At this point in time the Commonwealth will be able to purchase an additional 60GL 2009/2010, 80GL 2010/2011, 80GL 2011/2012 with the balance remaining the following year.

## PRE-EMBARGO TRADE DEALS

Trade deals negotiated prior to the embargo fall, effectively, into four categories:

1. Contracts executed and exchanged prior to the embargo. These represent around 46 gigalites (GL). These have now been lodged for transfer and will be included in the 521 GL prior to the new 60 GL limit.
2. Contracts issued but not executed by the Commonwealth due to the embargo (sellers may have executed). This represents around \$80m of purchases. The MIL sale is included in this, we understand. The Commonwealth have now executed this contract, it has been lodged for transfer and the volume is included in the 521 GL..
3. Agreements that were progressing through due diligence to the issue of contracts will be executed by the Commonwealth shortly (if not already). These will then been lodged for transfer and will be accounted under the 521 GL.
4. We are aware that a large number of tenders were rejected because the round was fully subscribed. These rejected tenders will not be revived.

Any new agreements will now need to be accounted under the nominated annual volumes – 60 GL this year, 80 for the two following years and the balance in the fourth year. We understand that a new tender round may be announced in the near future.

## BASIC LANDHOLDER RIGHTS

**Understanding of Stock and domestic usage and Riparian right** Water for Rivers is investigating opportunities to manage and operate the Murrumbidgee River and Yanco Creek more efficiently, to improve delivery times, improve water reliability and provide operational savings. Investigations underway include –

- Location and distribution of Gauging stations
- Options for a computer model to assist river operation decisions
- Improved metering and real time telemetry
- Hydrological model of the Yanco creek system – investigating areas of breakout and opportunities to optimise delivery flows

- Management of specific wetlands and ana-branches to reduce evaporative losses
- A **Water Balance** of the Murrumbidgee and Yanco system to better understand the Actual Unaccounted for Differences (AUD).

With regard to the Water Balance, a consultant is reviewing the natural system ie, groundwater recharge, river bank absorption, and ET. There is a second study underway to understand the amount extracted from the River and Creek system for Riparian and Basic Landholder Rights.

Charles Sturt University has been engaged by Water for Rivers to investigate the usage of Riparian and Basic Landholder Rights. The investigation is not confined to volumes, the survey will look at extraction methods, deliv-

ery systems, on farm needs and opportunities to better manage this critical water requirement. The investigation will be in the form of a survey of landholders in the entire Murrumbidgee system. Several landholders have already been interviewed to enable a meaningful survey to be designed.

To manage and protect Riparian water used for stock and household use it must be understood. Presently, little is known about the volume required for this essential use. Landholders in the Yanco Creek system are urged to assist by participating in this survey. All results will be confidential. The survey will be conducted from November 09 to Jan 10.

Any enquiries or comment should be directed to Professor Alan Curtis of the CSU – 0407 486776

## 2010 IPART WATER DETERMINATIONS

Jennie Hehir represents MPII on the NSWIC - IPART reference group. The group met on the 21 September 2009 to workshop the State Water submission to IPART- 2010 pricing determination.

The submission is based on 40/60 between fixed and variable costs (with an alternate model at 90/10), includes consumption forecasting with an average 10.9% reduction ( a 15 year rolling average – and hence removal of IQQM), a 1.4% increase in weighted average costs of capital and a premium for High Security. Significant price increases are sought based mainly on a significant capital expenditure program.

NSWIC has commenced an analysis in detail to present back to the reference group.

NSWIC are happy to provide advice, should it be useful, to members who may choose to lodge a separate submission.

## ACCC WATER TRADING RULES

The ACCC have released their Position Paper in respect to Water Trading Rules. These Rules, pursuant to the Act, are the responsibility of the MDBA who have instructed the ACCC to develop them. Submissions on the Position Paper are due on the 23 October 2009.

If you would like to provide your input please contact Jennie Hehir.

## YACTAC Metering Trial – Yanco system. Update

Water for Rivers (WfR) would like to thank those who volunteered their pumping works to participate in a me-



*Metering transmitter & telemetry at Old Coree*

tering trial. The trial consists of installation of Tyco, ABB and Siemens Electromagnetic flow meters.

The aim of the metering trial was to identify technical, cost and logistical implications applicable to a larger scale roll out. Twelve electromagnetic meters from 3 different meter manufacturers were purchased. In the YACTAC area 4 sites have been installed with 2 more to be completed soon.

## MAG FLOW

WfR will also trial the installation a time of flight ultrasonic system, a technology that could be a cost effective measurement system. Laboratory testing was undertaken on the system and showed it to be within  $\pm 1.2\%$ . This technology is particularly cost effective for larger diameter pipes, say >600mm. In a 750mm pipe the ultrasonic technology is \$30% that of an electromagnetic flow meter. The technology has been used in the potable water industry for many years. It is also possible to retrofit the ultra sonic sensors to pipe work in the field. WfR is also working with suppliers to develop more appropriate open channel metering systems.

## MPII LEVIES

The time has rolled around again for levy collection and you will receive your 09/10 invoice in the mail shortly. Whilst we totally understand the financial constraints that irrigators' are experiencing, we seek your support for this organisation so that we can continue to represent and protect your water rights. The importance of the presence of MPII cannot be stressed enough. Unfortunately we do not have access to the resources of our neighbouring irrigation co operations. We are a unique group of irrigators that require constant representation.



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**[www.mpii.org.au](http://www.mpii.org.au)**

**Don't forget to check out our website  
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**If you want to be put onto our email service please forward your address to  
[jenniehehir@bigpond.com](mailto:jenniehehir@bigpond.com)**

**We do not sell or provide email addresses to third parties.**

#### **WATER FOR RIVERS**

The company responsible for recovery of water for the Snowy and Murray Rivers, is currently investing in on-farm infrastructure in return for water entitlement. To date investment has been provided from improved irrigation layouts and channel reconfiguration, recycling and reuse infrastructure, installation of spray irrigators and installation of soil moisture monitoring equipment. The aim of the investment is to improve irrigation efficiency and farm diversity and generate water savings. The volume of water entitlement saved is then transferred to the Water for Rivers program in return for an agreed level of investment to cover the costs of the on-farm works.

Farmers interest in finding our more about the program should contact Kaye Dalton on 0407 222599 or [kaye@waterforrivers.org.au](mailto:kaye@waterforrivers.org.au)

#### **RIVER REACH**

As markets develop, so too do derivative products – futures, options, warrants and the like. Those derivative markets can be complex, difficult to understand and often involve risk – but they can also provide products that ideally match the needs of market participants providing a significant benefit. Murrumbidgee Irrigation and the Murrumbidgee CMA have been guiding a project for some time now to develop a derivative product that has been termed “River Reach”. NSW Irrigators Council has been actively involved with that project as they believe that it offers significant benefits for irrigators. The product has developed significantly in the past 18 months and ought soon be tested in the market. River Reach is an option product, where a Water Access License owner agrees to sell an option

to purchase allocation when certain triggers are met. The duration of the agreement, trigger events and fees are points to negotiate between buyer and seller. As an example, the option might provide an environmental water holder the right to purchase each year for 10 years that allocation between 40% and 80%. Payment to the owner would involve an upfront fee (the option fee) and a fee when the option is taken up to buy the allocation (the exercise fee).

Of course, environmental buyers are not the only buyer that might be interested in such a product. In essence, it gives access to water at certain thresholds without having to own the entire entitlement – and this may well appeal to some irrigators. *Further information from Andrew at NSWIC 02 9251 8466 or Matt Linnegar at Murrumbidgee Irrigation 02 6962 0200*

#### **COMMONWEALTH \$300 MILLION ON FARM EFFICIENCY PROJECT**

We understand that the final draft of the guidelines is near completion. Once we receive the final draft, MPII will circulate required information to members. MPII will be required to be involved with a Delivery Partner to obtain access to the investment programs creating water savings for members.



**Don't forget our Annual General Meeting to be held on Wednesday 28th October Commencing 2.45 pm. Andre Room Darlington Point Club**