



National Irrigators' Council

THE 4 PER CENT RULE – HELP OR HINDRANCE?

Last week's report in *The Weekly Times (Cap on the brink, 13/1/10)* about exemptions from the 4 per cent cap for sales of water to the Commonwealth highlights that there are now two reasons why the cap has become a hindrance for Victorian irrigators, not a help.

The first is the ability of irrigators to manage their own businesses.

The National Irrigators' Council believes, as a fundamental principle, that irrigators' water entitlements are a property right and they should be able to do with them what they choose – including selling them.

We don't believe that governments or any organisation should be able to tell irrigators what to do with their property rights.

Given current commodity prices it's no surprise many irrigators are trying to sell some water. Not only is it unfair to stop them doing so with the 4 per cent cap, it's counter-productive if it means they go broke in the meantime.

The second reason is that irrigators *will* lose water under new sustainable diversion limits (SDLs or a new Murray Darling "cap") to be outlined by the Murray Darling Basin Authority (MDBA) in its draft Basin Plan later this year.

We don't like it, but unfortunately that's the reality – water will come out of irrigation districts one way or another.

Let's leave aside for a moment that all irrigators have concerns that the Basin Plan will tilt things too far towards the environment at the expense of irrigators, rural communities and food production and consider - how do we minimise the damage?

The Commonwealth has confirmed that water purchases made under the buyback, along with savings made from infrastructure upgrades, will "offset" any future cuts under new SDLs. That is, every megalitre purchased by the Commonwealth is one less megalitre that irrigators will lose through the SDL process.

The Government has also confirmed that purchases from a particular water resource area will offset reductions in *that* area. So for example, water purchased from the NSW Murray will offset the reduction only for the NSW portion of the Murray.

In a perfect world the water purchased and infrastructure savings made will go close to matching what is needed for the environment, and no further cut will be needed.

But if that that doesn't happen, it's possible that by not being able to sell water freely to the Commonwealth because of the 4 per cent rule, Victorian irrigators might end up losing more than they otherwise would. Yes, there is a deal to exempt 300 gigalitres for sale to the Commonwealth above the cap, but will that even go close to bridging the gap? Given the CSIRO Sustainable Yields

report says likely future water availability in Victoria could be reduced by as much as 40 to 50 per cent, probably not.

Irrigators *will* lose water – but they have a choice of selling it to the Commonwealth now and getting something for it, or losing it in future in one fell swoop, probably without compensation.

Under the current arrangements, a process known as risk-assignment, it's likely that Victorian irrigators wouldn't get a cent for the loss of that water.

So while the 4 per cent cap may shield Victorian irrigation districts from rapid change now, when the Basin Plan comes in (in effect 2019 in Victoria), a lot of water may need to go in one fell swoop, and with no compensation.

The National Irrigators' Council is working to maximise irrigators' clout as this change comes through and we are concerned that Victorian irrigators are being disadvantaged. We will speak up to ensure all irrigators' interests are protected because this will affect all of us in the Basin.

Let's not have Victorian irrigators starting from behind the eight ball because of an outdated policy that is now working to their disadvantage.

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