

House of Assembly
14 October 2009

**NATURAL RESOURCES COMMITTEE: MURRAY-DARLING BASIN—
CRITICAL WATER ALLOCATIONS IN SOUTH AUSTRALIA**

Mr RAU (Enfield) (11:28): I move:

That the 27th report of the committee, entitled Murray-Darling Basin—Critical Water Allocations in South Australia, be noted.

This is a very discrete report: it deals with one particular issue, which was supplementary water being supplied to irrigators in the Riverland on the same basis as had been applied in the previous year. The committee visited the Riverland, spoke to people involved in the horticultural industry, particularly those people with permanent plantings, and we recommended that, if the opportunity existed for the government to offer a supplement to their water entitlements in the same way as had occurred in the previous year, that should occur.

The committee thought it was a timely reminder to give to the relevant executive officers because the people in the Riverland, at this time, were needing to start making plans about where they were going to go. That was a recommendation from the committee. We were trying our best to assist those people with permanent plantings to be able to get through another year if, indeed, the rains and the water allocations were not as they hoped.

Mr PEDERICK (Hammond) (11:29): I commend the committee for its work on this matter, and point out that members on this side of the house pushed for critical water allocation for close to 12 months before it was put up by the government for the water year prior to June this year.

It was implemented belatedly in September last year, so people were already having to make decisions about water they had to purchase. I note in the report that it was certainly welcomed by growers throughout the Riverland. It did assist some growers south of Lock 1 on the river system and some growers around the Mypolonga area. It is a pity that, because of rising salinity, it was not of benefit to permanent plantings at Langhorne Creek and Currency Creek. There are also issues with water access in the area.

I note in the summary of the report that the Natural Resources Committee recommended that the policy be extended on the same terms for another 12 months in order to give growers time to adapt and restructure their operations in line with reduced allocations and difficult market conditions. The government has not implemented similar critical water allocations for this water year but, rather, gone against the committee's recommendation.

I acknowledge that the government has instigated a subsidy for irrigators at \$260 a megalitre instead of the critical water allocation. The excuse from the minister and the government is that the Eastern States would not allow South Australia to purchase water for critical water allocation. I believe that New South Wales has not even signed the water sharing arrangement for this water year, but here we are again bowing to interstate colleagues or counterparts on the issue of water.

In that context it is interesting to note that various witnesses who appeared before the committee raised the issue of unequal water allocations across the basin. Even in this water year allocations are totally out of whack. There is 95 per cent allocation for high security in the Murrumbidgee in New South Wales and 97 per cent water in the Murray in New South Wales. The two jurisdictions in Victoria are already on 29 and 30 per cent high security water. South Australia, once again, is the bunny in this whole water allocation debate.

The reason that South Australia has high security water is because of our level of permanent plantings. Probably 90 per cent of our water is used on permanent plantings, which goes to show how much so-called high security water we have. Even general or low security water licences are allocated out, and I believe one is on the Lower Darling at 29 per cent. That is another inequity that needs to be sorted out with a proper national takeover of the river.

I note the comments about the wine industry and its access to water. The wine industry is oversupplied, but it would take a major investment to make it profitable. I put on the record that the vine industries at Langhorne Creek and Currency Creek have had to invest \$10 million of their own money so they can access water from Jervois. That pipeline has been constructed and distribution, if it has not started already, will start shortly. Critical water is certainly a good thing, but a lot of people have not had access to it. The committee's findings state:

The committee found

1. Critical Water Allocations have provided an important stop-gap measure for Riverland irrigation businesses in 2008-09, enabling many growers to maintain permanent plantings and (with the exception of grape growers who are experiencing oversupply and prices below costs of production) the viability of their businesses.
2. There is widespread support amongst irrigators for the state government's Critical Water Allocations program and irrigators hope that it will be extended for another season.

I note that recommendation No.1 of the committee stated:

Subject to the availability of sufficient water, including transmission water, that the state government approve for the 2009-10 season an allocation of critical water on the same terms —

I stress 'on the same terms'—

as was provided in the 2008-09 critical water allocations.

Recommendation 2 states:

Any decision by the state government to allocate critical water for the next season, subject to availability and transmission water, is communicated as soon as possible to irrigators of permanent plantings in the Riverland so as to enable them to most effectively plan for the next 12 months.

It is blatantly obvious that the government went completely against these recommendations. No money was allocated in this year's budget after putting up \$23 million. I commend the government for putting forward that money last year. Why would you spend \$23 million and then hang out to dry the Riverland and the permanent plantings in my electorate of Hammond? It is just ludicrous. It is like making an investment and then saying all of a sudden that it is all too hard and that we will not do anything.

Because the government believed it had to kowtow to the Eastern States, it had come in with a subsidy program of \$260 a megalitre of top-up water. Does it not think the Eastern States will whinge about that when we get to negotiations before the next water year? It has put a floor in the temporary water market. We have a situation in the Riverland where people have not known where they are going to go forward. At least 200 people are looking at exit packages up there, and I wish they would progress faster. They have made the tough decision to get out, and the federal government needs to get on board and sort out the situation with exit packages.

A reasonable number of people have been written off in this situation as irrigators in the Meningie and Narrung Peninsula areas, having sold permanent water to the federal government back in April, and are still waiting for their money. It is outrageous. You could not run a business like this. The federal government is not honouring its commitment to put up the money. John Howard put up \$10 billion in 2007, yet we see inaction across the board to get things working in the River Murray.

I want to make some comments about the conclusion of the report. The committee heard that the critical water allocations for permanent plantings are widely supported by Riverland irrigators and have provided an effective lifeline for growers in this time of extremely low water allocations to keep permanent plantings of citrus, stone fruit and grapevines alive and to prevent numerous businesses from collapsing. It is obvious, with the number of people applying for exit packages, that businesses are collapsing. I note again that the committee recommended that this policy be extended on the same terms for another 12 months to give growers time to adapt and restructure their operations in line with reduced allocations and difficult market conditions.

I certainly wish growers all the best. I note that some industries have noted that with allocations at 25 per cent it is hardly worth filling out the paperwork to pick up the subsidy rate per megalitre. Some say that the citrus industry needs up to 50 per cent of allocation to get through, but people need to look at it on an individual basis. It is something, but it is not what was put in place last year, especially after pressure from this side of the house. The best thing would have been if that same critical water allocation process had been put in this water year.

Motion carried.