

CICL Member Update December 2019

Co-operative Limited

Annual General Meetings Update - Our AGMs were both well attend by members. The CIMCL ordinary business included the announcement that Adrian Hayes and Matthew Toscan were endorsed as member directors for another three year term. The ordinary business of CICL included the re-appointment of member director Keith Burge and independent director Bruce Brown for further three year terms.

Wilfred Finn, from Aither, was an engaging speaker and provided some interesting information about the water market, both permanent water entitlement and annual allocation, in recent years. Wilf also spoke about the prospective future demand in the southern Murray-Darling Basin as a result of growth in permanent plantings.

Water Operations Update – The extremely low demand for summer crops means CICL is continuing to operate modified water delivery arrangements.

Waterways is not operational for water ordering and it is essential that any members planning to use water contact our Water Operations Team several days in advance to order water. Advance notice is required to allow time to fill channel sections for the water to be delivered on time.

Water Operations can be contacted via M: 0427 544 269 or via Reception during business hours T: 02 6954 4003.

Commonwealth Water For Fodder – Applications for the Commonwealth Water for Fodder program opened on Wednesday 11 December. Eligible farmers will be able to apply to purchase an allocation of 50ML of water from the South Australian Government for \$5,000 plus costs. The first instalment of 40 GL is in 2019/20, with a potential second instalment of 60 GL in 2020/21. We are unsure when you will be able to apply for this second instalment. Farmers must use this water to grow pasture or fodder in the water year it is allocated and they are not able to trade it. For further information go to

<https://www.agriculture.gov.au/water/mdb/programs/basin-wide/water-for-fodder>

NSW Department of Planning, Industry & Environment Allocation announcements

2/12/19

High Security	95%
General Security	6%

CICL announcement and offers

Additional water	6%
Member benefit	6%
Additional water offer	4%

Waterways

<http://www.colyirr.com.au>

P: 1300 850 105

Please note that Waterways is not operational for placing water orders which must be placed by ringing Water Operations M: 0427 544 269 or via Reception during business hours T: 02 6954 4003.

Christmas operations

CICL Offices

Closed Monday 23 December until 8.30am

Monday 6 January 2020

Waterways

No changes with staff contactable on M: 0427 544 269

WaterMart

Operational, however, trades will not be approved and transferred to allocation accounts until Monday 6 January 2020.

Inter-valley trade

WaterNSW is continuing to deliver water to the Murray from the IVT account.

For up-to-date information on the IVT go to

<https://www.waternsw.com.au/customer-service/ordering-trading-and-pricing/trading/murrumbidgee>



WaterMart –



The WaterMart temporary water trading platform is a secure, transparent, fast option for buying and selling annual allocation with competitive transaction fees. The WaterMart platform can be accessed at <https://www.colyirr.com.au/watermart/>

WaterMart has been operating for the last two months under CICAL's control. The platform is open to any person or business that registers to use the platform for temporary trade of allocation in the Southern Connected Basin. There is a flat fee associated with trading on the WaterMart Platform. A copy of the temporary trade fees and charges is available under the Standard Service Charges section of our website.

If you would like further information, or would like to discuss how to register, please contact Therese Chauncy on T: 02 6954 4003 or E: ea@colyirr.com.au

No swimming in channels -

Irrigation channels are not a safe place to swim or play. As well as the known dangers like varying water depths, submerged objects and snakes, channels have automated structures that can trap and drown you and are remotely operated resulting in unpredictable flows. I remind you that swimming in channels is prohibited. Please ensure your children are also made aware of this.



Water safety for primary schools - CICAL is again financially supporting both of our primary schools to run intensive swimming programs for all primary students. Our goal is to encourage maximum participation in this program, but also for the program to reinforce our message that swimming in channels is prohibited because it's dangerous.

Department of Planning Industry and Environment (DPIE) Drought Update –

DPIE held a drought update on 28 November 2019 in Griffith.

Key messages from this meeting included:

- The Murrumbidgee Valley is the only inland valley in NSW which is on drought stage one. This means that all high priority needs have been met for 2019/20 and water in accounts is fully deliverable.
- In terms of 2020/21 current planning is that high priority needs, high security and starting irrigation corporation conveyance allocations, and full access to carryover will be available on 1 July 2020.
- NSW has set aside 350 GL this water year for 2020/21 high priority needs.
- The qualification on this information is it assumes minimum inflows and a volume from Snowy Hydro for both the remainder of this year and the next water year. If inflows are less than assumed the situation may change.
- There is a 4 to 6 month delay in assessing groundwater bore applications.

A copy of the presentation can be accessed at https://www.industry.nsw.gov.au/_data/assets/pdf_file/0008/284399/Murrumbidgee-Drought-Overview.pdf

DPIE has also released two fact sheets which explain the Government's approach when water supply is ceased or modified in regulated rivers, and on imposing restrictions on carryover in regulated rivers.

These fact sheets can be accessed from https://www.industry.nsw.gov.au/_data/assets/pdf_file/0008/270638/ceasing-water-supplies-to-regulated-rivers-information-sheet.pdf and

https://www.industry.nsw.gov.au/_data/assets/pdf_file/0003/272154/imposing-restrictions-on-carryover-water-in-regulated-rivers.pdf

Non-owner authorisation form – This form is available on our webpage <https://www.colyirr.com.au/forms>. It **MUST** be completed if the registered owner wishes anyone other than themselves to order water, access information, trade or transfer water, or gain any private information about the property. This includes all family members, other than the owner, as well as managers, sharefarmers etc.

The authorised non-owners of the farms can also be added to the email and SMS lists to receive updated information from CICL.

Water-tables within the CIA - The September 2019 piezometer readings have indicated one of the lowest areas in recent history for a water-table within 0-2 M, with only 101 ha affected. These results also indicate that only one percent of the total mapped area (circa 80,000 ha) falls in the 0-4 M water-table depth.

Members are reminded that CICL has updated its Water Use Policy. Should anyone have any queries about the policy changes please feel free to contact Bernie Star, Environmental Compliance Officer, on T: 02 6954 4003.

External issues

Murray-Darling Basin Plan (the Plan) – Pressure is mounting on the Commonwealth Government to change its implementation of the Murray-Darling Basin Plan. Whilst some interests are calling for the Plan to be canned, the majority of farming and irrigation organisations are calling for improvements in its implementation. In particular, Government accepting the recommendations of the Productivity Commission made nearly 12 months ago.

Key recommendations of the Productivity Commission were: recognition that more time is needed to progress the sustainable diversion limit adjustment mechanism projects; progress with the 450GL of 'up water' should be linked to relaxing constraints; and changes to the Murray-Darling Basin Authority structure and governance.

Whilst views about the Basin Plan may differ between irrigation groups there is a united view that no more water should be removed from the consumptive pool for the

environment. This means the sustainable diversion limit adjustment mechanism projects or alternatives must proceed. These projects deliver a benefit equal to 162,000 ML to the Murrumbidgee Valley and the equivalent environmental outcomes of 605,000 ML in the southern Murray-Darling Basin. They are vital to avoiding further social and economic impacts on Basin communities, including ours.

CICL continues to work with and support National Irrigators' Council and NSW Irrigators' Council in their advocacy to improve the implementation of the Basin Plan and to avoid the irrigation sector being exposed to unacceptable political risks, a likely outcome if NSW was to withdraw from the Plan.

The NSW Government continues to make demands on the Federal Government and other States in relation to the Basin Plan and delivery of environmental water as it responds to the pressure on water availability.

For example, this statement was released on Monday 4 December 2019, making a list of demands

<https://pbs.twimg.com/media/EK06vP4UwAAHA2H?format=png&name=900x900>

CICL has argued to NSW that its approach should not undermine CICL's current access to water or expose our community to future water purchases by the Commonwealth Government.

The next Murray-Darling Basin Ministerial Council Meeting is on Tuesday 17 December in Brisbane. In the lead up to this meeting we can expect more political statements from all states.

CICL understands that one of the outcomes of the meetings held with the 'Can the Plan' rally organisers is that the Minister for Water Resources, David Littleproud, will ask the State Ministers to agree to a review of water sharing and the impact of allocation policies in the southern Basin, and secondly agree to the powers the Inspector-General Murray-Darling Basin Water Resources requires to allow him to investigate allocation policy and river operations. This has been interpreted as a review of the Murray-Darling Basin Agreement which describes, among other things, the water sharing arrangements between NSW,

Victoria and South Australia for the River Murray.

What a review of the sharing agreements may mean to CICL is not clear. Under the current Murray-Darling Basin Agreement, inflows from the Murrumbidgee into the Murray are considered NSW resource. It is inflows into Hume and Dartmouth Dams and Menindee Lakes (subject to the volume in the Lakes) which are shared between NSW and Victoria, with these states required to supply South Australia.

Inspector-General Murray-Darling Basin Water Resources – The Commonwealth has created this position to improve the transparency, accountability and community confidence in the Murray-Darling Basin Plan.

Mike Keelty, northern Basin Commissioner, has been appointed Interim Inspector-General. Changes to the Water Act 2007 (Cth) and agreements from State Governments are required to finalise the establishment of this position.

Our Chairman, Peter Sheppard, had the opportunity to meet with the Interim Inspector-General recently.

Key points made at this meeting were that he will take an evidence based approach and his proposed powers to require individuals to give evidence are similar to those of a Royal Commission.

The Interim Inspector-General's report on the Northern Basin has been released and can be found at <https://www.igmdb.gov.au/sites/default/files/documents/first-year-report-single-pages.pdf>

The Interim Inspector General has indicated this report will give a strong indication of the approach he will bring to his expanded role.

ACCC Murray-Darling Basin Water Markets Inquiry - CICL made a submission to this inquiry. Key points in our submission include supporting the inquiry making recommendations to regulate the water market in order to:

- improve the quality and accuracy of price reporting of both annual allocation trades and permanent trades;

- improve the timeliness of reporting of annual allocation trades, water availability and use at a water sharing plan scale. This should include separation of held environmental water entitlements, the volume available and current use;
- remove opportunities for brokers or agents to have an unfair advantage in the water market;
- remove opportunities for market participants to have an unfair advantage, for example trade exemptions, negative allocation account balances; and
- remove opportunities for market participants to exert unfair influence on the water market, where the ACCC establishes an evidence base that demonstrates current settings and or behaviours are detrimental to its operation and water users.

Murrumbidgee Water Resource Plan (WRP) and revised Water Sharing Plan (WSP) – NSW is due to submit to the Murray-Darling Basin Authority their WRP and WSP by 31 December. CICL has provided the DPIE and the Minister's Office with clear direction on our requirements for the revised WSPs. These are:

1. Redrafting of the vision, objectives, strategies and performance indicators to ensure:
 - (a) the updated WSP **does not** link the outcomes of the WSP to the non-statutory, aspirational Long Term Environmental Watering Plan or enhance environmental outcomes compared to the 2016 WSP; and
 - (b) the economic objectives, strategies and performance indicators are more explicit and include measures of the yield and reliability of different water licence categories.
2. Redrafting of the Environmental Water Provisions to ensure the WSP **does not** result in operational water or underuse below the long-term average annual extraction limit and the long-term sustainable diversion limit being defined as Planned Environmental Water.
3. Additional clauses in the Available Water Determinations section to provide a mechanism when annual actual take is

less than the long-term average sustainable diversion limit to allow increased take of uncontrolled flows.

4. Additional clauses in the Available Water Determinations section to require a review of Part 8 (operation of water allocation accounts and managing access licences) where extractions are consistently less than the sustainable diversion limit.
5. Insertions in the Accounting for Water Allocation Accounts sections to ensure there is protection of the yield and reliability of water access licences as a result of environmental flow reuse procedures and piggy backing procedures.
6. Additional clauses in System Operating Rules to **require** a review in consultation with water users and other stakeholders of Environmental Water Allowance Rules by 2024.

What is the underuse issue? - There has been a lot of discussion in recent weeks about irrigation underuse compared to the MDBA Cap on diversion. NSWIC has been pursuing this issue with both the DPIE and the MDBA for weeks and continues to do so.

Both DPIE and the MDBA have given written assurance that irrigators can divert up to the new sustainable diversion limit.

The MDBA has also confirmed in writing that underuse is not classified as Planned Environmental Water. NSWIC and CICL have sought assurances from DPIE and the MDBA that any underuse as a result of irrigator behaviour changes since the Cap on diversions was introduced has not been removed by the Basin Plan starting point, or Baseline Diversion Limit of 2009.

CICL has argued through the Stakeholder Advisory Panel established for the WRP that the WSP allocation rules should allow for more water to be available for irrigators, if in the future the Murrumbidgee water use is below the new Sustainable Diversion Limit.

The release of the consultants' RMCG report by SunRice has highlighted this issue and strengthens the argument for WSPs to have more flexibility in allocation settings to allow valleys to divert up to their sustainable diversion limit.

The RMCG report can be found at

<https://investors.sunrice.com.au/investors/?page=external-reports>

CICL does not agree with all aspects of the RMCG report, namely, it makes generic comments on carryover policy. Carryover policy is state and catchment based. The Victorian carryover model is very different to the NSW model where carryover is a risk management option and annual allocation account limits include carryover.

CICL strongly believes debate about carryover and allocation policy should be held at a catchment scale with water entitlement holders and should not be determined by stakeholders outside of individual valleys.

CICL's position on carryover is that it provides an important risk management tool for general security water entitlement holders. Investment decisions have been made based on the allocation policy in the Murrumbidgee which has been in place for a decade. Changing carryover rules will create winners and losers. CICL continues to argue the current carryover settings in the Murrumbidgee should remain the same and has not supported any consideration of an increase in the volume that can be carried over.

The RMCG report also asks questions about NSW Irrigation Corporation's conveyance licences and makes some assumptions about delivery risk in the Murrumbidgee which are incorrect.

Government fixed charge drought assistance – WaterNSW has confirmed the NSW Government's drought assistance of up to \$4,000 per farm fee waiver of the general security, fixed government charge will apply to CICL members. CICL will automatically pass onto members this fee waiver in our end of year tax invoice up to the \$4,000 limit.

Commonwealth drought loans – The Commonwealth Government has announced a range of new measures to assist farmers.

The Regional Investment Corporation Drought loan is now interest free for the first two years, other details include:

- Two years interest free, three years interest only, and five years principal and interest;
- Up to \$2 million available; and

- At least 50% of a business' debt must remain with a commercial lender.

Information about the assistance available, including application forms, can be found at <https://www.ric.gov.au/>.

Rural Assistance Authority (RAA) -The NSW RAA has several loans for farmers currently available including:

- The Farm Innovation Fund Loan of up to \$1,000,000 (ex GST) which can be used for farm infrastructure and drought preparedness activities such as irrigation bores, irrigation earthworks, fencing, machinery, fodder storage sheds etc.
- The Drought Assistance Fund loan of up to \$50,000 (ex GST), for farm capital projects or operating expenses which are improving the profitability and resilience of your enterprise. This loan is interest free and repayable over seven years.

Information about all assistance available to farmers, including application forms, can be found at <https://www.raa.nsw.gov.au/>

Rural Financial Counsellor - Airlie Hoskins is the local Rural Financial Counsellor for our area. The Rural Financial Counselling Service (RFCS) is a free, impartial and confidential service available to farmers. The RFCS can assist with a range of services to help farmers work towards a brighter future, including assistance to understand your financial position, business planning, farm budgeting, access to farm finance, government assistance, and assistance with succession planning.

For more information, or to book an appointment, you can reach Airlie on M: 0429 396 729 (From Monday to Thursday). Her email address is airlie@rfcsnsw.com.au

Drought Communities Support initiative – In addition the following is available:

- Financial help for farmers, farm workers and suppliers/contractors facing hardship due to drought;
- \$3,000 payment available; and
- St Vincent De Paul is providing the payments for the Murrumbidgee Local Government area. Applicants must be 18 years old, living in the Murrumbidgee LGA and be in need of financial assistance due to the drought. Payments can cover

numerous expenses such as groceries, vehicle maintenance, energy & utility bills, health & medical expenses.

To apply follow:

<https://drought.svdp.org.au/apply> or T: 1300 846 643.

Season's greetings – I wish you and your families a happy and safe Christmas and New Year. I hope 2020 brings significantly improved seasonal conditions which alleviate the pressure from this relentless drought on farming families and communities across NSW.

I also extend my thanks to our directors and staff for their dedication and contributions in 2019.

I look forward to CICL continuing as a strong, customer focussed business in 2020.

We will also maintain our effort on the uncertain external environment where we advocate to protect our 'property right' and 'access to water', and for decisions that are in the long-term interests of the Co-operative, its members and the Coleambally community.

Clifford Ashby
CEO