

ON-FARM INFRASTRUCTURE MODERNISATION

SUMMARY OF MI CUSTOMER MEETINGS



21-24 SEPTEMBER 2009

The Commonwealth Government is offering to fund integrated on-farm activities that complement off-farm infrastructure projects in exchange for water savings – effectively a ‘water-for-technology’ swap – under the \$650 million NSW Private Irrigation Infrastructure Operators program. Eligible on-farm projects may include reconfiguring irrigation layouts, adopting new technology or installing new infrastructure for improved water efficiency, storage or delivery. A fact sheet providing further information is available at www.mirrigation.com.au.

Applications for this funding can only be made by NSW private irrigation corporations. Murrumbidgee Irrigation (MI) is intending to apply for funding on behalf of customers. If successful, funding for infrastructure investment will be available to customers through a staged program over the next 4-6 years.

All customers were invited and encouraged to attend a series of focus group sessions organised by MI in Griffith and Leeton during 21-24 September 2009. These sessions were held with customers from different agricultural enterprises to discuss their ideas for an on-farm water use efficiency infrastructure program that would complement off-farm infrastructure projects.

MI sought customer views on:

- the type of infrastructure or projects that would be invested on farms;
- complementary off-farm infrastructure projects that would enhance water savings opportunities on farms;
- the volume of potential water savings to be achieved on farms;
- acceptable cost share arrangements for on-farm activities; and
- the level of interest amongst customer groups.

Some 43 customers attended these sessions. A number of customers also provided feedback via the website. The sessions also provided useful feedback on the key features of an administration and audit process which will not be finalised until early 2010.

1. INFRASTRUCTURE OR PROJECTS THAT WOULD BE INVESTED ON FARMS

Customers involved in the focus groups generally expressed interest in:

- investing in on-farm infrastructure that will complement off-farm infrastructure projects and create genuine water savings;
- adopting new technology to enhance on-farm investments in water saving technology, such as solar power to assist in saving energy costs from pumping;
- investments that would deliver high flow rates (16-30 ML/d) to allow a rapid watering regime and achieve water saving from reducing accessions to the water table.
- investment in high technology irrigation systems on large area farms that would help establish permanent plantings;
- better utilising on-farm storages and recycling systems for drip irrigated crops for times when channels are not at full capacity;
- considering adopting new farming systems that would generate economies of scale available from aggregating neighbouring farmland through cooperative farming practices;
- access to training for any new technology being installed, such as soil moisture monitors; and
- access to information on the cost effectiveness of using some type of covering, such as shade cloth to protect permanent plantings from hotter/dryer conditions and reduce water use.

2. COMPLEMENTARY OFF-FARM INFRASTRUCTURE PROJECTS

Customers involved in the focus groups generally expressed support for:

- a range of investments in off-farm infrastructure projects that would provide genuine water savings and support complementary on-farm activities; and
- access to excess channel capacity that would provide the ability to achieve high flow rates.

3. VOLUME OF WATER SAVINGS TO BE ACHIEVED ON FARMS

Customers involved in the focus groups generally expressed interest in:

- continuing to invest in technology on farms that would provide genuine water savings;
- improved access to information on drought tolerant crop varieties that would use less water and provide high yields under drought conditions;
- greater access to reliable information on genuine water savings made from infrastructure investment; and
- ensuring upfront assessments of water savings by suppliers reflect actual water savings and aligning final payments to suppliers to results of system performance.

4. ACCEPTABLE COST SHARE ARRANGEMENTS FOR ON-FARM ACTIVITIES

Customers involved in the focus groups generally expressed interest in:

- accessing funding over an extended period to enable the progressive development of unproductive farmland over a number of years;
- ensuring that cost sharing arrangements are equitable;
- ensuring that the Commonwealth Government understand that offers for any water savings must be above market prices for infrastructure investment – or why bother; and
- access to low interest loans for infrastructure investment through Murrumbidgee Irrigation, financial institutions or the Commonwealth Government.

5. LEVEL OF INTEREST AMONGST CUSTOMER GROUPS

Customers involved in the focus groups generally expressed concern:

- that the Commonwealth Government would not be willing to pay a fair price for water savings created by infrastructure investment;
- that the Commonwealth Government would be expecting the transfer of water savings to occur in full at the start of the project before any water savings actually occurred, when in reality any water savings would occur incrementally over the irrigation season;
- that water savings transferred to the Commonwealth Government would be permanently removed from agriculture production in the Murrumbidgee Valley;
- that limits or restrictions placed on permanent trade out of the Murrumbidgee Valley may limit take up;
- that increasing energy costs in the conversion of gravity to pressurised on-farm irrigation systems would completely offset any water savings benefit;
- that Commonwealth Government funding for infrastructure would not be sufficient to offset substantially higher operating and maintenance costs from investing in high technology irrigation systems; and
- that the lack of any Commonwealth Government consideration of alternatives to purchasing water entitlement, such as leasing of water, would limit opportunities to return a portion of water savings to maintain the survival of permanent plantings during periods of extreme drought.

NEXT STEPS

MI is intending to submit an application for Commonwealth funding in late November 2009 that reflects the general views expressed by customers. The outcome of this funding application will not be known until early 2010.