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My name is Jeremy Morton and I want to tell you about the almost unbelievable story of a group of 13 farming families west of Moulamein in Southern NSW who have been attempting to sell their water to the Commonwealth & close down the Murray Irrigation Limited (MIL) channel system that supplies them.

The Farmers were sitting around a campfire on the banks of the Edward River during Easter 2008 and conceived the idea. Over the next few months support for proposal saw 13 farming families (25 individual families) commit to the proposal.

The Group met with MIL Chairman Stewart Ellis & Deputy Chairman Kel Baxter in August 2008 to discuss the proposal. They were very keen to proceed and indicated a 2 month period to sort out the fine details.

In September 2008 representatives of the Moulamein West group met with DEWHA's James Horne & Colin Mues in Canberra and presented the proposal. They thought it was a great idea but weren't sure how they could deal with it using the current water recovery programs. In October 2008 DEWHA launched the 'Irrigator Led Group Proposals' initiative which was almost a carbon copy of the proposal we had submitted to DEWHA weeks earlier.

Today nearly three years since the idea was conceived no sale has occurred. This is despite the Commonwealth committing to proceed with the purchase in July 2010.

The price has always been of upmost importance to DEWHA and when spending taxpayers dollars it should be. The Moulamein West Proposal originally sought $2,500 per megalitre (ML). The market price at the time for water was $1,100 per ML. The Commonwealth had committed to water saving initiatives costing between $5,000 and $10,000 per ML. The $2,500 per ML price sought by the Moulamein West Group comprised the water, the installation of a stock & domestic system, termination fee ($383) payable to MIL and a component to reflect the impact on the farms once disconnected from the irrigation system, such as change of land use, redundant infrastructure & devaluation.

The original proposal would have returned 43,000ML to the environment and would have seen 90 kilometres of channel servicing 67,000 hectares decommissioned. Water servicing the farms, which are at the most westerly point of the MIL system, travels 250km from Lake Mulwala and an estimated 25% is lost in transit. That means about 57,000ML is released from Lake Mulwala to deliver us 43,000ML. The 14,000ML saved would have been available to the Commonwealth or MIL to share amongst its remaining irrigators as well as $16,000,000 in termination fees.

We saw our proposal as a triple bottom line PR bonanza for the Commonwealth which represented good value for money, a great outcome for MIL which was struggling with the implications of an indiscriminate water buyback and the impact it was having on its future viability (swiss cheese affect) and an opportunity for a group of farmers to restructure their businesses while being part of the Commonwealths commitment to return water to the environment.

In terms of value for money where else can the Commonwealth purchase 43,000ML, save 14,000ML (high security) and install a stock & domestic system servicing 67,000 hectares system for $107,000,000.

The other great aspect of our proposal is that the water savings are known, immediate & simple. As soon as the channel is blocked off the water is saved. When considering the merits of projects like the 'Food-bowl Modernisation Project' in Victoria with its long lead times, high costs (with potential for cost blowouts) & uncertain water savings our proposal should have been very appealing.

Last of all, our proposal eliminates the devastating impact of indiscriminate buybacks on water supply companies like MIL. There is no swiss cheese affect from our proposal.

The proposal that the Commonwealth committed to in July last year involves 5 families selling 19,000ML, resulting in 20km of channel being decommissioned with no stock & domestic system, all this at the bargain base price of $950 per ML (current market value $850) and still the deal is yet to be finalised.

An in-principle agreement to pursue the proposal close to its original scale was previously reached in March 2009 at a price of $1,700 per ML. The deal was scuttled when new directors elected to the MIL board refused to honour the previous boards' commitment to the proposal until they had a better understanding of the implications for MIL of the proposal. In the following months the 'Twynam' sale resulted in the embargo on sales from NSW and eventual 'memorandum of understating' between the Commonwealth & NSW limiting purchases from NSW. The impact has been a collapse in the 'market vale' for NSW water.

There is now a feeling from some within the group that they would like to tell the Commonwealth to shove their deal where the sun doesn't shine. Rain & full allocations present opportunities to capitalise on good commodity prices following years of little or no water allocations.

Talk about missed opportunities, the Commonwealth Government should be ashamed & disgusted with its handling of this fantastic proposal. The Commonwealths obsession with screwing us could ultimately result in no result.

Regards,

Jeremy Morton