

8 April 2020

Ms Tanya Stacpoole
Acting Assistant Secretary
Water Recovery
Department of Agriculture, Water and the Environment

Email: fodder.review@agriculture.gov.au

Dear Ms Stacpoole

Coleambally Irrigation Co-operative Limited (CICL) Submission on the Water for Fodder Program

Thank you for the opportunity to provide feedback on the Water for Fodder Program. There were nine successful applicants in the Coleambally Irrigation Area. We do not know how many of our customers applied, but expect based on the number of customers that sought our assistance in making their applications, that the success rate was low.

Whilst the success rate was low, the opportunity to access 50ML to grow fodder at a subsidised market price will have provided a valuable opportunity for successful applicants to produce fodder that would not have existed without the program.

CICL's responses to the questions raised in your letter of 26 March 2020 are as follows:

Eligibility criteria

- The **parcel size of 50ML** is the minimum volume that could be efficiently used. In many cases successful applicants will need to augment the 50ML purchased through this scheme with an additional volume of water, either in late autumn or spring 2020, to optimise the tonnes of fodder grown per ML. CICL recognises there is a balance between a larger parcel size and the number of successful applicants and believes the 50ML parcel size was superior to the volume of 25GL initially contemplated when the program was first announced
- CICL considers applicants with up to one **GL of water allocation volume** in their accounts was a high trigger point for eligibility to apply. For example, given the low NSW general security water allocations in 2019/20, CICL considers customers with access to one GL in their account would be unusual. CICL encourages the Department of Agriculture, Water and Environment (the Department) to undertake an analysis of the volumes available in 2019/20 in the water allocation accounts of applicants. Given the Water for Fodder program was significantly over subscribed consideration should be given in future rounds to having a lower trigger for eligibility (e.g. 500ML). Having said this, water availability may be quite different if round two of the program proceeds. Therefore CICL believes that the Department should have flexibility to adjust the trigger points depending on annual allocation announcements in the forth-coming water year.
- **Eligibility was not linked to state water allocations.** CICL appreciates that the driver of the program was to produce additional fodder, because fodder production was effectively locked out of the water allocation market due to high prices. CICL also appreciates that South Australia's co-operation in the program was essential.

However, participants in the program were exposed to very different state-based water allocations. For example, South Australian applicants, who had access to 100 percent of their water allocations and NSW high security water entitlement holders with access to either 95 percent or 97 percent of their water entitlements, were eligible to apply in competition with NSW irrigators with access to either six percent or zero percent of their general security water allocations. CICL believes the state allocations for each water class should be taken into consideration in determining participation eligibility.

- **The requirement to link successful allocation to the land associated with the water allocation account.** Given applicants could apply on up to two water allocation accounts, the program guidelines should have allowed successful applicants some flexibility regarding the land on which they could use the water but only to the extent of land linked to their applications. For example, if they had one successful and one unsuccessful application they should have been able to use the water on the land where the most efficient use would be achieved¹.

How and when the water could be used?

- As noted above, CICL's view is successful applicants should have had the flexibility to use the volume received on either of the parcels of land where they applied, if they only had one successful application.
- Given the program was oversubscribed, allowing flexibility other than the flexibility proposed above would not be appropriate.
- The slow administration and approval process for the program, combined with the limitation of being unable to carryover the volume to the next water year resulted in the volume available only being suitable for supporting an autumn irrigation program. This is an outcome of the criteria and program administration; however, CICL does not believe these limitations are material to the effectiveness of the program in our area.
- CICL believes the requirement to produce fodder is sufficiently flexible to provide many applicants with the option for producing fodder for grazing or conservation.

Application process

- CICL is aware that some customers had difficulty accessing the Water for Fodder application process. Issues were driven by a combination of internet service and IT skills. The outcome of these issues, for some of our customers, was increased stress and frustration with a number seeking our assistance to apply.
- CICL believes the messaging from the Department could have been clearer and more timely around the fact that applications would be open for a 24-hour period, and therefore there was no need to rush to complete one's application in the first hour.
- CICL supports the decision to ballot the eligible applicants rather than close applications as soon as the volume was fully subscribed. This approach was fairer than a first in best dressed approach.
- In the development of the application process, communication between the Department and Irrigation Infrastructure Operators (IIOs) about the Department's requirements would have been beneficial. This would have ensured that our customers had access to the information they required to complete the stage one application correctly. In addition, if the Department had engaged with IIOs during the development of the application process, some of the issues with applications and deliverability for some IIOs would have emerged in this discussion and therefore may have been avoided.
- It would be preferable not to have the 30-day approval period coinciding with the Christmas closure of IIOs, accountants and solicitors.

¹ CICL assumes no flexibility in this criterion was applied.

- Once applicants were advised if they were successful, successful applicants contacted the IIO to request transfer forms. No communication was received from the Department advising the IIO of successful applicants which would have enabled the IIO to consider delivery issues, prepare bulk transfer forms, and/or communicate with their customers to streamline the second stage of the process. Whilst the intent was to facilitate a bulk transfer between the IIOs and South Australia, this is not what happened in practice. The Department could only do a bulk transfer once all the applications had been approved. In CICAL's case, and with only nine successful applicants, for a range of reasons it took two months for all applicants to finalise their applications. CICAL took the view it was not appropriate to ask applicants to wait for each other before completing their application.
- It is CICAL's view that there must be a more efficient and streamlined way of arranging for the administration to be completed in a timelier way by **all** parties.
- CICAL understands that the arrangement was between the Department and the applicant; however, as the delivery partner, early advice of the successful applicants would assist IIO's normal processes to get the water delivered to the applicant in the envisaged time frame.

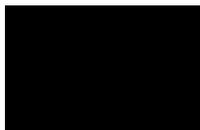
Impact on CICAL

- The program has had minimal impact on CICAL, with only nine successful applicants (eight initially and a further successful applicant as a result a withdrawal). CICAL took the position that it would deliver to successful applicants, fully aware that CICAL was not operating its normal irrigation supply service because of reduced water demand on farm.
- CICAL was the first port of call for our customers' questions about the program. As noted above, direct engagement with IIOs during development of the program and application requirements could have helped reduce some of these administrative issues for CICAL.
- In addition, direct dialogue with CICAL about successful applicants and progress with their applications would have also improved the administration process. Privacy issues, in terms of sharing the applicant's personal information with their IIO, could have been overcome by seeking permission in the application process for information to be shared with the applicant's IIO. At the very least CICAL should have been advised directly of successful applicants and communicated with about the progress of these applications.

One a final note, the guidelines are written in favour of the Department and to the potential detriment of applicants. For example, the guidelines could be amended at the discretion of the Department, including abandoning the program. CICAL assumes these types of clauses are driven by the Department's legal advice to minimise risk and maximise its flexibility. However, CICAL believes these criteria are effectively 'unfair' terms for applicants.

Attached is CICAL's declaration and if you wish to discuss the issues raised in this letter, please contact me.

Yours sincerely



Clifford Ashby
Chief Executive Officer