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# CAP CRISIS

## Council certain to join calls to abandon 4% limit

**By Graeme O'Neill**

MILDURA Rural City Council is almost certain to reverse its support for the Victorian Government's four per cent cap on out-of-area water sales next month.

Five councillors contacted yesterday, including Mildura Mayor Glenn Milne, expressed concerns that the cap is now a threat to the livelihoods of many Sunraysia growers – particularly wine grape growers.

Councillors could meet as early as today to discuss the issue, before taking a formal vote, possibly as early as this week, but more likely at next month's meeting.

Murray Valley Winegrowers has already called on the Brumby Government to lift the cap, saying it is hurting local wine grape growers.

Cr Milne described the plight of wine grape

growers as "intolerable", and said councillors would meet within days to discuss council's policy supporting the controversial cap on irrigation sales.

Half way through the 2009-10 irrigation season, the four per cent cap is already fully subscribed in Lower Murray Water's Merbein, Red Cliffs and Robinvale pumped districts, which have an aggregated cap of 3742.7 megalitres.

The Victorian Water Register shows that almost double that amount of permanent water has been sold out of the three districts, when 3601.7 megalitres of exempt sell-offs are included.

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# Cap crippling irrigators

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Growers selling off their entire water entitlement to qualify for the Commonwealth's \$150,000 grant to irrigators leaving horticulture are exempt from the 4 per cent cap.

The Victorian Water Register does not show how much water has returned to the district as temporary water – an increasingly popular strategy that frees up funds to repay debt, and provides growers with capital to redevelop their properties.

The First Mildura Irrigation District – heart of the table grape industry – is still at less than half its 2525.4ML cap; only 1255.1ML has been sold, plus 850.3ML in exempt sales, for a total of 2105.4ML.

Sunraysia irrigators who missed the cutoff this season are in limbo, if they intend to stay in horticulture.

The cap excludes Sunraysia irrigators – and irrigators in most other Murray Valley and Goulburn Valley districts – tendering their water for the next round of the Commonwealth's Restoring the Balance water buyback, which opens today.

The Commonwealth has allocated \$90 million to buy back water for environmental flows in the Basin, in three rounds – subsequent rounds will be in early March and late April.

Non-FMID irrigators are now effectively prevented from selling their water to survive, unless they sell it locally – an unlikely prospect, since few irrigators in the Sunraysia pumped districts are looking to buy permanent water. Any buyers would almost certainly offer well below the Commonwealth's likely figure of \$2200-\$2400/GL.

Four councillors responded to yesterday's straw poll – Deputy Mayor Cr Sue Nichols, Cr John Arnold Cr Nick Cavallo and Cr Mark Eckel. All felt the cap should be removed, or modified.

The other four councillors, Cr Judi Harris, Cr Fiona Hilton-Wood, Cr Max Thornburn, and Cr Vernon Knight, could not be contacted.

Cr Nichols said her only reservation with removing the cap was that she felt all land should be left with sufficient water to maintain it "in a habitable manner".

"That doesn't mean keeping 90 megalitres for every 10ha block – we need to keep enough to grow something like lucerne, or anything else that would prevent abandoned blocks turning into dustbowls," Cr Nichols said.

Cr Arnold said the collapse in wine grape prices had caused a marked change in the rural community's view of the cap.

"It's unfortunate that wine grape

prices have dropped, and that the cap is restricting irrigators' ability to sell their water out of Sunraysia – everything has come at once, and we need to be sympathetic to the people affected.

"We need to go back to the relevant grower organisations to see if removing the cap is a better business option."

Cr Eckel said: "From a planning perspective, I have always voted for irrigators to retain as much water as they need to stay on the land.

"But we have to consider irrigators who need to sell of at least a proportion of their water, and the cap shouldn't restrict that."

Cr Cavallo said: "We certainly need to talk about lifting the cap, because some quite radical things have been happening.

"My concern is how far we take it – whether we seek to increase the cap, or remove it altogether.

"We need some sort of protection to ensure water stays in our region, but we definitely have to make room for people to create the liquidity they need to survive.

"C58 (the Government's planning amendment preventing subdivisions on properties smaller than 40ha) has restricted people's ability to sell their land, so water is their only other source of working capital."