



The Peak body for five landholder associations and 1600 irrigators in the Murray Valley

---

Friday 30 May 2008

The Editor  
Weekly Times  
wtimes@theweeklytimes.com.au

The article on the front page of The Weekly Times (28 May) "WATER LEAK" by Peter Hunt contains a number of serious claims and allegations that Southern Riverina Irrigators (SRI) would like to comment upon.

Mr. Hunt claims that "unscrupulous irrigators" sold \$20 million worth of water in the four months leading up to Murray Irrigation Limited (MIL) s decision to impose a compulsory termination fee on delivery entitlements. It is implied in the article that much, or all, of this trading activity was the result of a "leak" of crucial market information.

Firstly, SRI is confident that MIL directors take their responsibilities seriously and comply with the relevant Directors Code of Conduct. Further, SRI is also confident that MIL staff act in a professional and appropriate manner at all times. Secondly, the suggestion that a leak could occur four months before a decision was made is simply unrealistic. SRI works closely with MIL on a variety of issues and the first that it knew of the decision to impose the termination fee was when it was publicly announced. SRI had, in fact, called an extraordinary meeting to be held on 9 April 2008 to discuss whether the organisation should recommend that MIL consider imposing a compulsory termination fee on delivery entitlements. As the MIL chairman, Stewart Ellis, pointed out in the article the decision was made by the MIL board on 7 April 2008. The SRI meeting proceeded on 9 April 2008 and endorsed MIL's decision. The dramatic increase in the volume of water traded is more likely due to the fact that irrigators in our region have experienced twelve years of below average water allocations, including the last two years of zero allocation, prolonged drought, crop failures and the fact that there are now up to five different purchasers of environmental water operating in the market.

Mr. Hunt states that a leading water broker told him that a client rang him and said "I heard something is happening, can you sell it (my water) in a hurry!" With all due respect to the water broker concerned, if The Weekly Times published an article every time a water broker or agent heard a rumour, every edition would be a thousand pages thick. I don't doubt that the water broker had that conversation with his/her client. Since the MDBC Water Tender for 20GL that occurred in July/August 2007 there have been a number of organisations calling for MIL to take steps to protect its long term viability in the face of water leaving this region. A variety of measures were suggested including collection of the termination fees. It is therefore highly likely that someone could have mistakenly heard that "something was about to happen".

Mr. Hunt correctly states that the decision to impose compulsory termination fees has caused a number of deals and property sales to fall through. He also indicates that one or two affected people have contacted the ACCC. That is their decision and they are of course entitled to do that.

Mr. Hunt has written a series of articles critical of MIL on this topic and I would like to repeat two points that I made in a letter to this paper last week, 21 April 2008

1. There is widespread support amongst MIL shareholders for the decision that has been taken.
2. When faced with the prospect of large volumes of water leaving the region the majority of shareholders felt that the company had to act to avoid the problem of "stranded assets and third party impacts" that has plagued irrigation regions in Victoria.

Yours sincerely

Tim McKindlay, **Deputy Chairman**  
0428 842112

**Media Contact:**  
Jennie Hehir, Chief Executive Officer  
RMB 3190  
FINLEY NSW 2713  
Ph/Fax: 03 58832357  
Mob: 0428 832357  
Email: rayjen@mcmmedia.com.au