

BUSINESS

## New water barons: foreign farmers swoop on our crops



Brendan Watson on his farm at Lake Boga on the Murray. Picture: David Geraghty

SUE NEALES

12:00AM January 9, 2018

Major American and Canadian investment funds and agricultural corporations are pouring money into buying prime irrigated land along the Murrumbidgee and Murray rivers, despite the local furore over cuts to water allocations under the \$13 billion Murray Darling Basin Plan.

One of Australia's largest irrigated cotton farming properties, the 15,000ha Gundaline Station in the NSW Riverina near Hay, has been snapped up this week for more than \$70 million by a consortium of North American bidders believed to be linked to the Westchester group.

Besides continuing to grow cotton, the new buyers are expected to expand the farm — which only three years ago was sold for \$25m by former Riverina water baron John Kahlbetzer to Hong Kong interests — and plant its grazing land with irrigated almonds or citrus trees using its valuable 16,000 megalitre Murrumbidgee water entitlement.

The Gundaline sale follows several other corporate deals in the past year in the Murray and Murrumbidgee valleys by foreign companies and local investors, which have more than doubled land values across the southern Murray-Darling Basin since 2014.

One of the early corporate investors in the Murray Valley region, VicSuper, is not surprised by the flood of foreign money into the region. Its farm manager, Brendan Watson, has overseen the transformation of 9000ha of rundown dairy farms into a sophisticated corporate cropping farm where land values have soared and every drop of water is valued.

“Water is an increasingly valuable asset and everything we do here in terms of our farming and crop decisions is an exercise in maximising our profits per megalitre of water used,” Mr Watson said.

The new foreign buyers are attracted by buoyant global export markets for nuts such as almonds and walnuts, the re-emergence of oranges and mandarins as an in-demand crop in China, and soaring prospects for table grapes and avocado expansion.

Near Robinvale in northern Victoria, investors looking for a farm to grow highly profitable table grapes — which this year will break the \$600m production value for the first time on the back of exports to China — recently paid \$5.1m for a 570ha property on the banks of the Murray, or more than \$9000 a hectare.

The same semi-developed irrigation property sold just three years ago for less than \$4000/ha, according to CBRE head of rural property Danny Thomas.

“I don’t understand all this negativity about how things are going for farmers in the Murray-Darling Basin, when around the Murray and Murrumbidgee rivers between Griffith, Hay and Mildura I have never seen land sales so buoyant,” Mr Thomas said.

“I have got 10, mainly US and North American groups out there right now looking for irrigated land to plant with citrus and almonds; they think the land is fantastic value compared with the central valley of California, they like our sophisticated water trading regimen and the reliable nature of water availability, and they are looking at selling produce into the growth markets of Asia.

“None of this negativity and hyperbole about the supposed lack of irrigation water in the southern basin is fact-based; clearly these sophisticated funds and investors from overseas see the situation here for irrigated agriculture much more positively than most locals.”

Mr Watson’s VicSuper farm is an exception. This year the farm between Kerang and Lake Boga, downstream from Swan Hill, will grow irrigated cotton, organic wheat, processing tomatoes, lucerne hay and organic fruit worth more than \$14m on 3200ha of the farm that has been developed for maximum water efficiency use using the latest laser-levelling technology, soil moisture sensors and underground drip irrigation.

“We use only 7.5 megalitres of water to grow a hectare of cotton here using (subsurface) drip irrigation, whereas in the old days in northern NSW with flood irrigation it was more than 10ML/ha; our criteria is to achieve a \$250 return for every per-megalitre of water and organic grain, tomatoes and cotton give us those excellent margins we want.”

Mr Watson said the VicSuper farm had to be ready for drought years when river water would become more expensive to buy, which may force the company to decide between using its water entitlements itself on its own crops, or selling them that year to an outside bidder.

“It’s an economic reality; when there are dry years, more people will want the water and economics will dictate where it ends up; which will probably be with farmers with permanent plantings of almond trees, avocados, citrus or grape vines who can’t afford to let them die,” Mr Watson said.

“We have to make sure now in this environment that our business can make money from our water at every price point; that means ensuring the property has a focus on long-term sustainability not just from its productive agriculture but from looking after the rest of our landscape too.”

Federal Water Minister Ann Ruston says the return of profitability to the citrus and table grape industry and the boom in almond investment is testament to the benefits of placing a real value on Murray irrigation.