

SECTION 2
THE FUTURE

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Ord Stage 2 ready to go... really

By David Dowling

It has only taken 30 odd years, but the second stage of the Ord River Irrigation Area development may finally be about to become a reality. For those three decades, there have been an interminable number of meetings, reports, environmental impact statements and stakeholder consultations. A whole generation of consultants and public servants has grown fat from the trough of national, state and territory governments.

But in the end, it was a simple piece of political opportunism that got the project over the line. Western Australian National Party leader Brendon Grylls found himself with the balance of power after the 2008 state election and he didn't waste the opportunity. In fact, he drove one of the hardest bargains ever seen in Australian politics to get the Royalties for Regions program which has provided bucketloads of cash for regional development projects across the state. The Ord Stage 2 was one of them.

Of course, everyone from Kevin Rudd down is now claiming some of the credit for the decision — with the possible exception of the Northern Territory government, which has never really understood agriculture.

The main hurdles to development have seemingly been overcome:

- A native title agreement has been signed with the traditional owners which includes a \$57 million package involving indigenous development, employment and training in exchange for the voluntary surrender of native title.
- Most of the environmental impact work had already been done 10 years ago when Wesfarmers and Marubeni were looking to develop the project.



The research work already completed in the Ord could give cotton an agronomic advantage.

- From a future cotton industry viewpoint, the Western Australian government has opened the way for cotton production with the removal of the moratorium on GM cotton.

Work has already started on expanding the existing infrastructure as a precursor to starting the new M2 supply channel at the start of the dry season in 2010. The new development will make available about 15,000 hectares of new irrigation country – to just about double the existing irrigation capacity. And water availability is not a problem as anyone who has visited Lake Argyle will testify.

Most of the new irrigation country will be in the Weaber Plains and Keep River Plains – coun-

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The under-utilised Lake Argyle.



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try which straddles the border into the Northern Territory.

Therein lies the first potential hurdle. Governments in the Territory have never shown much interest in the Ord scheme. Perhaps they have long memories of failed northern agricultural developments in that part of the world (Humpty Doo, Rum Jungle, Douglas Daly etc). And they also know very well that most of the economic benefit from the scheme will flow through to Western Australia with Kununurra and Wyndham being the natural service centres for the project. But the inescapable fact is that the Territory will have to cooperate to make the scheme a success.

The project is anticipated to take about four years to complete, but the first land release may be made as early as 2011. Apart from the irrigation infrastructure, the project will include roads, power and telecommunications plus significant upgrades to the port of Wyndham and the airport at Kununurra.

Different approach

In contrast to previous attempts to develop the Ord, both the Western Australian and Commonwealth governments seem to be staying out of the decision of what crops to grow to make best use of the water. Perhaps they have finally realised that those sort of decisions are best left up to farmers — the government job is to supply the infrastructure.

Sugar production seems to be out of the picture after this industry folded several years ago in the face of poor yields and inadequate returns. Although the current world price of sugar could make it very attractive again.

From the broadacre crops, that leaves cotton, rice and maize as the front runners. All have their attraction, but the large amount of work put in to cotton research in the Ord in recent years could give cotton an agronomic advantage.

The problem with this theory is that another crop has already shifted most other options out of the existing Ord development. Indian sandalwood, driven by huge amounts of tax-driven investment, has already taken over more than 50 per cent of the valley. And the sandalwood industry seems to have an inexhaustible supply of money to buy and develop suitable land in the area.

The sandalwood farms have driven up the price of land to around \$15,000 per hectare, plus they charge their investors up to \$80,000 per hectare to plant the trees, plus the ongoing management costs of course. At this stage, very little of this money finds its way to the local community, because there is no great call for local services for these plantations while they are reaching maturity.

But as any farmer knows, you shouldn't count your money till the picker or header goes in to the crop, and the sandalwood plantations still haven't produced anything. A lot of product is destined to hit the market over the next few years when we will get a clearer picture of the sorts of yields and prices which can be expected. But at this stage, the plantation promoters and the Australian Bureau of Agricultural and Resource Economics (ABARE) have vastly different views about the longer term price prospects for sandalwood oil.

The other factor to consider is that sandalwood is not well suited to the heavier clay soils of the Ord Stage 2. It's possible that sandalwood will continue to expand on suitable soils in the existing development, leaving room for other crops on Stage 2.

The first land release of about 22 lots is expected in the Weaber Plains area in about 2011, subject to environmental approvals. Most lots will be between 400 to 500 hectares, comprised of a mixture of cracking clay and lighter soils.

Subdivisions and development of the remaining agricultural regions in Mantinea, Ord Bank West and Packsaddle will occur after this stage, subject to environmental approvals.

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