

**To**  
**Carol Robertson**  
Australia-India FTA Feasibility Study  
Department of Foreign Affairs and Trade  
R G Casey Building  
John McEwen Crescent  
Barton, ACT 0221

28<sup>th</sup> March 2008

Dear Ms Robertson

Rubicon Systems Australia Pty Ltd. would like to lodge the following comments for you to consider in the Australia-India FTA Feasibility Study.

I had spoken to you on Wednesday the 26<sup>th</sup> March with regard the FTA Study and will be happy to supply more detail as and when required.

**Company Background.**

- Rubicon Systems Australia Pty Ltd ([www.rubicon.com.au](http://www.rubicon.com.au)) is a Victoria based company with head office in Hawthorn and factory in Shepparton.
- Rubicon's patented water management system called TCC (Total Channel Control) and their revolutionary Solar Powered Flume Gate has increased the water efficiency of irrigation canals from a maximum of around 70% to almost 90% in Australia.
- More than 2500 gates have been fitted to over 1000 Kms of channels through Victoria, New South Wales and Queensland
- Rubicon offers complete end-to-end solutions to the Irrigation market, from host software systems through to major engineering control plant, gates and electrical works.
- **Rubicon is actively seeking to market our product & water management services in the field of irrigation to India and has already invested in a trial of their equipment in India.**

**The Indian market**

India is the world's fourth agricultural power. Agriculture provides about 22% of the GDP and employs almost two thirds of the active population. As mentioned in recent World Bank and ICID studies, India's vast agriculture market will benefit from irrigation automation.

Currently the efficiency rate for water usage in open canal irrigation in India is anywhere between 30 to 40%. Automation can increase this to 60%. In Australia the efficiency has been raised to upto 90% in some basins following canal automation.

These efficiencies from automation of irrigation channels will result in major cost savings to the nation as well as better use and allocation of water to the farms and cities of India.

**The Opportunity**

The World Bank and the ICID have indicated that the Indian government in both Central and State levels are looking at canal automation as one of the key areas to reduce wastage and increase efficient delivery of water for irrigation to the farmer.

India is seeking to make better use of their water and as such is keen to eschew Irrigation Automation.

Currently India has 55 Million Hectares (Mha) under irrigation with plans to increase this to 135 Mha.

In March 2007 a high level delegation of Ministers, Government secretaries, World Bank officials and Public Works Department engineers visited Rubicon's office and factory. **Following which the Tamil Nadu State Water Resources body invited Rubicon to trial their product in a major irrigation sub-basin in Tamil Nadu State.**

Based on the trial, the initial requirement will be for 100 gates with the potential for over 1000 gates in this basin. This equals over \$25,000,000 AUD for the irrigation gates alone. As well there will be other support services viz. the sale of software and other services needed to run the network of gates.

#### Current Duty

The United Progressive Alliance (UPA) government's economic reform program includes developing basic infrastructure to improve the lives of the rural poor and boost economic performance. However, tariff spikes still remain in agriculture.

The current duty is approximately 28.639%

That is a huge increase in costs and will only reduce the number of gates that can be purchased for each project.

Based on each gate being approx \$25K the duty is \$7K. The duty on 1000 gates will thus be \$7,000,000 AUD

A Free Trade Agreement (just in this one sub-basin) will allow the Tamil Nadu state authorities to install approximately 280 more gates or utilise this amount in developing canal infrastructure - like lining and repairing the canal beds.

Better use of water is a serious social and political issue. Irrigation canal automation, using Rubicon's proven technology, will result in greater savings to the nation (India).

#### The Benefit of an FTA

**To India:** The removal of the duty will allow the water body in India to purchase more gates with their allocated funds.

The removal of duties will also save in time lost with items being held up for customs duty assessment. This could take longer than the shipment period.

**To Rubicon:** Increased sales will result in greater employment (especially in Shepparton where the factory is located) and in a more stable and profitable Australian business.

**To Australia:** Increased sales of locally designed and manufactured product will benefit the country's balance of trade and employment figures.

#### Conclusion

**Rubicon believes that there could be commercial and social benefits to both countries and supports a FTA between Australia and India.**

Yours Faithfully

**Haroon Mohamed**

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