

15 December 2010

Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

**Gannawarra Shire Council Submission to the
Senate Inquiry into the management of the Murray-Darling Basin**

The Gannawarra Shire Council would like to take this opportunity to provide input into the Senate inquiry into the *'Management of the Murray-Darling Basin'*.

As the proposed Murray Darling Basin Plan will impact on the future availability of water in the region, Gannawarra Shire Council would like to:

- work in partnership with all levels of government and the Murray Darling Basin Authority to minimise the socio-economic impacts of the Plan on our community at a local level
- maintain a balanced return of water to the River for environmental flows

In relation to the terms of reference of the Inquiry, attached is a submission on the issue. The submission addresses the following terms of reference from the Inquiry:

(a) the implications for agriculture and food production and the environment;

This is addressed on page 12 of the submission, *'Impact of the SDLs on the Gannawarra agricultural sector'*. There is an anticipated reduction of between \$66.4-\$132.7m per annum in regional output and between \$15.5-\$31.1m per annum in regional value added output.

This information has been obtained from an independent consultant, RMCG, who prepared a report for Gannawarra Shire Council on the *'Socio-economic impact of the Basin Plan'*. A copy of this is contained in the appendix to the submission. Section 3 of the report, *'Impacts on value of agricultural production'*, commences on page 7 of the appendix and addresses this particular criterion.

(b) the social and economic impacts of changes proposed in the Basin;

The social and economic impacts are addressed on page 13 of our submission, *'Impact on the Gannawarra community'*. It indicates a reduction in full time employment of between 358-716 jobs and a reduction in population of between 888-1,766 people. The RMCG

report addresses this issue in Section 6 'Summary of socio-economic impacts' (appendix, page 15).

- (c) *the impact on sustainable productivity and on the viability of the Basin;*

Not explicitly addressed in our submission.

- (d) **the opportunities for a national reconfiguration of rural and regional Australia and its agricultural resources against the background of the Basin Plan and the science of the future;**

Gannawarra Council is aware how important this is to the future of our community and the Murray-Darling Basin. A key factor that will impact on the future reconfiguration of rural and regional Australia is the future land use of those farms previously used for irrigated agriculture. Attached is a copy of an RMCG report that Gannawarra Shire Council commissioned to investigate this issue: '*Impacts of sales of permanent water entitlements and land use planning options for the new dryland – Final Report February 2010*'.

A structured approach to return some farms to dryland may help minimise the socio-economic impact. It is important though, that planning policy responds to the productive uses of the new dryland and not to short-term structural adjustment issues. The February 2010 RMCG report indicates that for a dryland farm in Gannawarra to support a family it would require over 2,500ha. The transition from irrigated to dryland production systems would also require a new set of skills, knowledge and access to equipment and machinery of a more suitable scale. Redevelopment of irrigation properties will also require dismantling of irrigation infrastructure including channels, levees, and changing the farm layout to suit broadacre production systems. Redevelopment will be costly and will therefore require funding assistance to encourage the smooth transition and minimise the socio-economic impact. For most farmers the conversion of irrigated land to dryland would not be seen as financially attractive at this stage.

The February 2010 RMCG report also identifies alternative land use options for the new dryland areas. These uses include broadacre cropping and grazing, intensive animal production and renewable energy generation, in particular solar. Tourism, carbon sequestration and native vegetation offsets are also identified as alternative uses, but are unlikely to be viable land uses on their own.

Further work needs to be done around this issue to further explore its implications on the reconfiguration of rural and regional Australia. How will this impact on Australian Government population and migration policies? Or if there is a substantial reduction in employment opportunities in rural areas, will regional and metropolitan cities be able to cope with the increased population growth? And if farmers walk away from the formerly irrigated land, who will maintain the land into the future?

- (e) *the extent to which options for more efficient water use can be found and the implications of more efficient water use, mining and gas extraction on the aquifer and its contribution to run off and water flow;*

Not explicitly addressed in our submission.

- (f) the opportunities for producing more food by using less water with smarter farming and plant technology;

Substantial loss of water will not be able to be completely overcome; it is inevitable there will be some level of reduction in agricultural output as a result of a reduction in water availability. There are measures that can be implemented to help offset the loss of water availability through the implementation of smarter farming and plant technology, but to expedite the uptake of this process, and to minimise the socio-economic impacts of implementing these measures, funding assistance would be beneficial. This will ensure Australia retains a balanced, diversified, agricultural base whilst minimising the socio-economic impact on those communities facing substantial structural adjustment.

According to a report released in July 2010 by HMC Property Group, '*Changing land use in the GMID 2006-2010: Where have all the dairies gone?*' there has been a substantial reduction in the number of properties primarily devoted to dairying. Compared to 2006, there has been a reduction of 57.9% of properties across the Goulburn Murray Irrigation District, and a 49.1% reduction within Gannawarra. Interestingly the improved season this year has seen some of these properties return to dairy production.

The above report also highlights that in northern Victoria for the period 2006-2010 there has been

- a reduction in dairy farm numbers of 52%
- a reduction in land devoted to dairying of 55%
- a reduction in total milk production of 32%.

Thus dairy farmers have identified ways to produce more milk from less water, driven by the extremely difficult drought conditions and low water allocations experienced over this period. While opportunities for further improvements and efficiencies are likely to exist it is recognised that more research would need to be conducted. Additional research investment assistance would be required.

- (g) *the national implications of foreign ownership, including:*
- (i) *corporate and sovereign takeover of agriculture land and water, and*
 - (ii) *water speculators;*

Not explicitly addressed in our submission.

- (h) means to achieve sustainable diversion limits in a way that recognises production efficiency;

Farms within the Gannawarra Shire have been involved in both the Living Murray and Northern Victorian Irrigation Renewal Project (NVIRP). Both projects are aimed at modernising irrigation infrastructure to capture water savings to be returned to the environment.

As indicated in our response in section (f), this has potentially led to production efficiency within the Gannawarra Shire Council, as the reduction in the number of dairy farms across the Shire is not proportionate to the reduction in milk production.

- (i) *options for all water savings including use of alternative basins; and*

Not explicitly addressed in our submission.

(j) *any other related matters.*

Not explicitly addressed in our submission.

We recognise the importance, and support the intent, to improve access to water for the environment from the Murray Darling Basin, but we urge a balanced approach be taken. We offer our services to act as an interface with our local community, to better inform them and minimise any further mistrust on this issue.

Thank you for the opportunity to provide input into the Inquiry on the management of the Murray-Darling Basin, which will dramatically affect the future of our area and our society. Please do not hesitate to contact me on 03 5450 9353 if you would like further detail on any aspects of our submission.

Yours sincerely

Rosanne Kava
CHIEF EXECUTIVE OFFICER