

STRENGTHENING RIVERINA IRRIGATION COMMUNITIES
Cluster 4 – Carrathool, Griffith, Leeton, Murrumbidgee, Narrandera

SUBMISSION TO THE
PARLIAMENT OF AUSTRALIA
SENATE STANDING COMMITTEE ON RURAL AFFAIRS
AND TRANSPORT

INTO THE
MANAGEMENT OF THE MURRAY-DARLING BASIN

BY

**CARRATHOOL SHIRE COUNCIL
GRIFFITH CITY COUNCIL
LEETON SHIRE COUNCIL
MURRUMBIDGEE SHIRE COUNCIL
NARRANDERA SHIRE COUNCIL**

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The Councils of Carrathool, Griffith City, Leeton, Murrumbidgee and Narrandera (known as Cluster 4) would like to submit this joint submission to the Senate Inquiry into 'The Management of the Murray-Darling Basin' to highlight the flow-on impacts that decisions within the basin have on the region as a whole. While each Council will submit a submission on the impacts to their region it is relevant to understand how each of the five (5) Local Government Area's (LGA) rely on each other.

The management of the Murray-Darling Basin is paramount to the long term survival and growth of our region but this management now needs to take into consideration the current social and economic climates within the basin. The Cluster 4 region was established in the early 1900's, primarily for the production of food and fibre for the Australian people.

The five municipalities occupy some 2.9 Mha of land in south western New South Wales and include the lower floodplains of the Murrumbidgee and Lachlan Rivers, the Coleambally and Murrumbidgee Irrigation Areas and an extensive dry-land farming region.

Agriculture is the region's main land use and is practiced in various forms on over 90% of the land in the region. While the region is renowned for its irrigation areas, only about 9% of land is under irrigation, with most of that producing rice or other opportunistic crops when water is available.

While the area of horticultural production is relatively small, the region produces about 60% of NSW's citrus crop, almost 40% of its wine grapes and about 20% of its vegetables. The regional gross value of agricultural production in 2009-10 was approximately \$1.9Bn. The region supports significant food processing and wine production industries that add value to agricultural production. In 2009-10, agriculture, water, food, wine and related services industries contributed \$735 million in value added production to the regional economy, some 38% of the total.

The region is home to almost 48,000 people. Agriculture is the region's major employer in the region and accounts for about 19% of all jobs. In 2009-10, agriculture, water, food, wine and related services were directly responsible for 34% of the almost 20,000 jobs in the region.

The region has suffered through one of the worst droughts in history and this has been evidenced through the direct changes to output with the economic impact of drought and low water allocations in the Cluster 4 regional economy between 2005-06 and 2009-10 is estimated to have resulted in a total loss of:

- Approximately \$323.0 million in output to the regional economy, comprised of \$223.6 million directly, \$49.9 million through production induced flow-on activity, and \$49.5 million through consumption induced flow-on activity;



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- Approximately \$127.0 million in value added activity, comprised of \$78.7 million directly, \$21.8 million through production induced flow-on activity, and \$26.5 million through consumption induced flow-on activity;
- Approximately \$40.0 million in wages and salaries, comprised of \$15.3 million directly, \$12.0 million through production induced flow-on activity, and \$12.8 million through consumption induced flow-on activity; and
- Approximately 1,231 full time equivalent (FTE) employment positions comprised of 791 FTE positions directly, 191 FTE positions through production induced flow-on activity, and 249 FTE positions through consumption induced flow-on activity.

Analysis of flow-on impacts by industry have shown that the industries of manufacturing, wholesale trade, retail trade, transport and storage and property and business services are estimated to have experienced the most significant loss in economic activity as a result of flow-on impacts. Overall, the flow-on impacts of the drought are negative across all sectors.

The region is reliant on agriculture and the associated industries and the proposed Murray-Darling Basin Plan 'Guide' cuts in allocation to this region would have a devastating impact with job losses in the vicinity of 8000 jobs and over \$1Bn stripped from our Gross Regional Product. These losses could be even greater with loss of confidence and flow-on impacts to industries not related to agriculture.

In considering the future management of the Murray-Darling Basin and the development and implementation of the Basin Plan, the inquiry should be mindful of the relationship that agriculture has within the basin. Any impact on agriculture has a direct (and in-direct) impact on the communities, businesses and environment across the region and as such any decisions should be considered with a triple bottom line impact. As can be seen from the information earlier in this submission the impact of the drought and subsequent low water allocations had a significant impact on the economic and social factors across the region as well as the environmental impact.

Jennifer Marohasy a biologist and adjunct research fellow at Central Queensland University recently wrote of the relationship between agriculture and the environment, stating:

"In a good year, 150,000 hectares are planted to rice providing habitat for 5 billion frogs. The spotted grass frog and barking marsh frog are two of the more common species which live in remnant patches of bushland and breed in flooded rice bays and irrigation channels between August and May. Scientists at the Institute of Applied Ecology at the University of Canberra estimate that every hectare of rice produces 33,000 frogs – addition to the tone of rice.



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Of course birds eat frogs, and so perhaps not surprisingly the Murrumbidgee Irrigation Area has also become home to thousands of water birds.”

Any reduction in water allocations across our region will severely impact food production as most farmers are currently growing crops in the most water efficient manner possible after many years of implementing on-farm efficiencies.

This region's economy is dominated by the agriculture and manufacturing (which in this region is predominantly food and beverage production) sectors, which produce approximately 40% of the regions value added activity and are responsible for over one third of jobs, so any impact to these sectors, such as loss of water allocations, will have a major flow-on impact to the region. Both economically and socially!

This region has seen continual growth through the resilience and ingenuity of the people who work and live here, but the recent drought has impacted on the confidence and resilience of even the most strong willed community members. A further battering from an ill-constructed Basin Plan will have dire consequences on a community that is looking to resurrect itself after the past 10 years. A basin plan that impacts on the economic viability of this region will have severe social ramifications, on not only farmers but the wider community.

The Cluster 4 region is currently participating in the Australian Governments *Water for the Future* Initiative under the Strengthening Basin Communities Project. This project has involved conducting many case studies of local farming and business enterprises across the five (5) municipalities, to discuss the impacts of reduced water allocations on their production, profitability and viability. These case studies have highlighted the human toll that firstly the drought and now the Basin Plan has taken on them, with many farmers being pushed close to the edge both emotionally and financially.

A snapshot of one the case study includes:

“One local farmer who has been farming in this region for nearly 50 years to provide a future for his four sons, has seen this dream shattered by the MDBA announcement, with one son already leaving the farm and another to leave by Christmas. Their 8000 acre rice, wheat and sheep farm has seen many changes over the past 10 years, with diversification into other crops such as grapes at a great cost for water efficient infrastructure such as drip irrigation. The farm no longer has any sheep with over 2000 breeding ewes having to be sold during the drought to keep the farm functioning and this coupled with very few rice crops and a couple of failed wheat crops have seen his sons confidence in farming begin to wane and the loss of more young farmers from the region. The loss of these young farmers has far reaching impacts then just this farm with the loss extending to the schools, sporting clubs, friends and even the local hospital as one of the son's spouses is a local nurse.”

Several farmers spoke of the personal toll that the drought and low water allocations and now the subsequent Basin Plan has taken on themselves and



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fellow farmers, with some indicating they had lost friends through the stress of these impacts. We can not take too lightly the social and mental health impacts of decisions such as the Basin Plan on regional and rural communities.

The farming and business sectors across this region have continually increased their on-farm efficiencies to increase production yields and reduce the amount of water used for these yields. These on-farm efficiencies have included drip irrigation, tile drainage, twin furrows, laser land-forming, on farm recycling, soil moisture retention methods such as planting and cultivation of seed grasses between rows and many other on-farm efficiencies. These on-farm efficiencies have been complimented by Research & Development from associated agricultural industries such as rice, which has seen a reduction in water used to grow rice by over 60%. This means that Australian rice growers use 50% less water to grow one kilo of rice then the world average, with most farmers able to grow a subsequent crop (usually wheat) after the rice harvest with no additional water usage. So, we are currently utilising some of the smartest farming and plant technology in the world, with Australian farmers being known as the most efficient.

To enable our farmers to become more efficient we need to increase the amount of R&D that is conducted in agriculture to ensure that continual improvements can be made in water efficiencies. Several farmers noted that they are currently operating at maximum water efficiency after implementing on-farm improvements to reduce the amount of water used. Any reduction in allocation would mean a reduction in farming for most of these farmers due to the fact they are effectively utilising all of their current allocations. It seems as though the water efficient farmers who have been pro-active in their farm management will be severely penalised by the basin plan instead of being rewarded for their efforts to reduce water use.

“Coleambally farmer, Kayleen Ward, indicated that an 8% cut in her allocation as proposed in the Basin Plan Guide would mean 800 of her 10,000 prune trees and almost 30 of her 330 grapevines would have to be pushed over and burnt. This loss will severely impact on the farms ability to service their \$300,000 debt, after Kayleen and her father John switched from growing rice 4 years ago to cut water use. Kayleen, who is just 27, had hoped that the changes to her farm would allow for a long term future in farming but with the basin plan hanging over her head she is not sure what the future holds in farming, even for the efficient ones.”

The use of water by the mining industry, especially coal seam gas miners, shows that there is a tremendous disparity between how water is utilised by different industries with miners drawing water out of a aquifer are given their water for free while an irrigator next door will need to buy a licence for extraction. The water that is drawn by the miner from the Nation’s underground aquifers for coal seam gas production will mostly be put into retention basins for evaporation, while an irrigator will produce a crop that will help feed our nation. Any plan for the usage of water in Australia needs to be consistent, fair and equitable across all industries.



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A balance can be reached when developing the basin plan and the long term management of the Murray Darling Basin between the environmental, economic and social impacts if all factors and stakeholders are engaged through this process. The current process in developing the Basin Plan has not involved the appropriate stakeholders and has relied on what is termed 'Best Science', which is now being questioned.

Back in 2006 when the Howard Government introduced the concept for the Water Act the leader of the Australian Green's, Bob Brown, was explaining that it has been "scientifically proven" that 1,500 gigalitres of environmental water was needed to keep the Basin healthy and in particular to keep the Murray's Mouth open. Until very recently, this same figure of 1,500 gigalitres was being quoted by Mike Young from the University of Adelaide and other water experts as the best science.

The Guide, proposed by the Murray Darling Basin Authority, now claims that the best science establishes that at least double this amount, 3,000 gigalitres, is the absolute minimum and 7,600 gigalitres is a more realistic target. The major change has not been in the science, but rather expectations have grown within the ranks of Green activists, along with disdain for Australian agriculture, with rice growers in particular increasingly held in contempt. This shows how best science can be interpreted to give the desired outcomes that are sought.

During this process there was no consultation with the people who live with and understand the river system such as the anglers, bird watchers, forestry workers and other locals. This should have been a priority.

The 5 Councils would like to provide the committee with the following recommendations.

RECOMMENDATIONS

- **That Minister Burke throws out the existing plan and develops a new plan that delivers a win for the environment, the economy and regional communities.**
- **That the Australian Government cease the current water buyback scheme until the Parliamentary Inquiries have been completed.**
- **That the Australian Government invest money into system modernisation.**
- **That this inquiry strongly recommends to the Australian Government that Basin communities are consulted in any further proposed plans.**

Yours Sincerely

STEPHEN JOYCE
PROJECT MANAGER
Strengthening Basin Communities Project

