

17th December 2010

The Committee Secretary
House of Representatives
Standing Committee on Regional Australia
PO Box 6021
Parliament House
Canberra ACT 2600

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| Submission No: | 411-1 |
| Date Received: | 23-12-10 |
| Secretary: | SL |

Dear Sir/Madam

Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia

The communities who live in the council areas of AlburyCity, Corowa, Greater Hume and Urana Shires have collectively, a diverse and robust economy, based generally on the manufacturing, retail, educational, tourism and the agricultural sectors. With a total population of over 74,000 and an economic output of approximately \$9.2 billion, the four councils form a significant regional community in NSW.

Currently the councils of AlburyCity, Corowa, Greater Hume and Urana Shires are working in a collaborative arrangement progressing the planning phase of the Australian Government's Strengthening Basin Communities (SBC) Program and it is in this context that this submission is made. The key premise of the SBC program is for councils to plan for a *Future with less Water*. The four councils have established a Steering Committee for the SBC Project called Cluster Group 1.

Cluster Group 1 welcomes the opportunity to provide a submission to the Parliamentary Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia in response to the *Guide to the proposed Basin Plan October 2010*, issued by the Murray Darling Basin Authority. The councils of AlburyCity, Corowa, Greater Hume and Urana Shires are members of the Riverina and Murray Regional Organisation of Councils.

Through the recent years of drought, reduced water allocations, changes in regulatory approaches to water management and the Global Financial Crisis, our communities have experienced hardship and stress, both economically and emotionally. Throughout this period our communities have been able to stay positive and have demonstrated a high level of resilience in coping with these challenges. The proposed Sustainable Diversion Limits (SDLs) contained in the *Guide to the proposed Basin Plan* will create additional challenges to these communities in Cluster Group 1.

Population projections indicate that the councils of AlburyCity, Corowa, Greater Hume and Urana Shire will be in excess of 92,000 people by 2036. The proposed SDLs could have significant effect on our key irrigation community located in the West Cororgan Private Irrigation District as well as creating uncertainty for future business investment in the regional centre of Albury and the

surrounding rural shires. It is important that sufficient water is allocated to ensure the continued growth of our manufacturing and allied employment base.

Please find attached our submission which raises questions that we believe are required to be resolved or answered in the draft *Basin Plan*. The councils of AlburyCity, Corowa, Greater Hume and Urana Shires have completed the first two stages of the SBC program with a Synthesis Report summarising these stages. This report is available as Attachment 2.

In conclusion, we again welcome the opportunity to provide a submission concerning the *Guide to the proposed Basin Plan* and express our willingness to work together with the Government in the development of this important policy. For clarification of any matter raised in this submission, please contact

Yours sincerely

Tracey Squire
Director Economic Development and Tourism
AlburyCity

On behalf of Cluster Group 1

Attachments: 1. Submission – Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia
 2. Strengthening Basin Communities Cluster Group 1, Stage 1 & 2 Synthesis Report, 2010

ATTACHMENT 1

Submission to the Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia

Overview

The councils of AlburyCity, Corowa, Greater Hume and Urana Shires are located to the eastern end of the Murray Region in southern NSW. The major population centre is located at Albury, with regional centres and towns including Howlong, Corowa, Mulwala, Urana, Walla Walla, Henty, Holbrook, Culcairn and Jindera. The regional centres of Wodonga and Yarrawonga, in Victoria, are located adjacent to Albury and Mulwala respectively. The communities who live in these council areas have collectively, a diverse and robust economy, based generally on the manufacturing, retail, educational, tourism and agricultural sectors.

With a total population of over 74,000 and an economic output of approximately \$9.2 billion, the four councils form a significant regional community in NSW. Growth projections indicate a regional population of 92,000 people¹ by 2036 residing in the council areas. The current wages and salaries generated in AlburyCity, Corowa, Greater Hume and Urana Shires is \$2.1 billion (REMPAN Sept 2010).

The four councils formed a collaborative relationship called Cluster Group 1 (CG1) as part of the planning phase for the Australian Government's *Strengthening Basin Communities* (SBC) Program. Work completed by this consortium confirms the diverse and robust nature of the region. The manufacturing industry alone employs over 5,000 people in activities including the large scale production of munitions, pulp and paper, intensive livestock, dairy, clothing and automotive products. The agricultural sector ranges from mixed farming activities in the eastern side of Greater Hume Shire to broadacre cropping, grazing and irrigation activities in Corowa and Urana Shires. Located in Corowa and Urana Shires and the neighbouring shires of Berrigan and Jerilderie, is a significant irrigation area called the West Corugan Private Irrigation District (West Corugan PID).

The *Guide to the proposed Basin Plan* provides a proposed plan for returning water to the Murray Darling Basin to ensure a return of river health and is an essential component of the water reform process. Following the release of the *Guide to the proposed Basin Plan* in Oct 2010 by the Murray Darling Basin Authority, considerable community concern, comment and feedback has been raised at a variety of forums ranging from public meetings, council discussions and informal feedback. The proposed Sustainable Diversion Limits (SDLs) could have significant effect on our key irrigation community located in the West Corugan PID as well as creating uncertainty for future business

¹ Strengthening Basin Communities Stage 1&2 Synthesis Report, David W Hicks & Associates, 2010

investment in the regional centre of Albury and the surrounding rural shires. It is important that sufficient water is allocated to ensure the continued growth of our manufacturing and allied employment base. The councils of AlburyCity, Corowa, Greater Hume and Urana have provided feedback on the *Guide to the proposed Basin Plan* to the Murray Darling Basin Authority.

The councils of AlburyCity, Corowa, Greater Hume and Urana Shires through Cluster Group 1 offer the following comment to the Australian Government's Standing Committee on Regional Australia inquiry into the socio-economic impact of the proposed Murray Darling Basin Authority's *Guide to the proposed Basin Plan* on regional communities.

Comments on the Guide to the proposed Basin Plan

The introduction of the proposed range of Sustainable Diversion Limits (SDLs) as nominated in the *Guide to the proposed Basin Plan* has the potential to have far reaching effects on the regional communities of AlburyCity, Corowa, Greater Hume and Urana Shires. A review of the *Guide to the proposed Basin Plan* also presents many questions and challenges for the community and the following summarises some of those questions and concerns:

1. *Secure Water Supply for Manufacturing*

AlburyCity, Corowa and Greater Hume Shires are host to many major manufacturers which provides employment for over 5,000 people and add over \$376 million or 18% of the total wages and salaries to the local economy. These major manufacturers have progressively introduced best practice water management technologies into their operations over the last five years to be at the leading edge of their respective industry sectors. The *Guide to the proposed Basin Plan* makes little reference to the provision of water for manufacturing into the future and/or recognition to these innovative solutions. Therefore, it could be construed that there is little reward or support for progressive manufacturers. An analysis will be required to understand the consumptive water use requirements for manufacturing and the intensive livestock sectors to enable the securing of water supplies into the future.

Manufacturing & mining use less than <1% diversions with households using less than <2% diversions. Given the low impact these activities will have on the overall river flows, it would be prudent to exclude them from the proposed SDLs.

2. *Town water Supplies*

The impacts on the proposed SDL's will have on town water supplies will be an important input to the aspirational growth targets for regional communities. Little reference is made to the communities in the Upper Murray to the east of Corowa in relation to the water supply needs and

uses. The *Guide to the proposed Basin Plan*, as yet, fails to address the water requirements to enable future growth and development of regional towns and cities.

The calculation of critical water supply requirements for towns on the NSW Murray is proposed utilising less than the minimum water volume available during the recent period of low catchment inflows (2006-2010). This is not a sustainable volume to maintain long term viable communities and create the opportunity for regional growth.

3. Socio-economic Impact on Regional Cities and Towns

The socio-economic impact of the proposed SDLs as assessed by the MDBA is \$800 million. This figure appears to be based on the irrigated agricultural component. A full socio-economic impact and flow on effects to the greater regional economy needs to be completed with full community engagement and consultation

4. West Corurrgan Private Irrigation District

The West Corurrgan Private Irrigation District (West Corurrgan PID) covers an area of approximately 212,000ha with 580km of channels, covering the Shires of Urana, Corowa, Jerilderie and Berrigan. The scheme is a privately owned and fully funded scheme with currently 250 fully subscribed members and was established in the 1960's commencing operations with first water in 1969-70 summer season. The WCPID has 80,000ML of General Security water entitlements with the main pumping station located on the Murray River to the west of Corowa, NSW. The WCPID has received zero to minimal water allocations since 2006 when the lack of inflows to the Murray catchments resulted in severe water restrictions for everyone within the Murray Darling Basin.

The *Guide to the proposed Basin Plan* provides some guidance and assumptions as to the value and operation of the West Corurrgan PID. It is the omissions from the *Guide to the proposed Basin Plan* which are of major concern. The questions which require further study and understanding include:

- The West Corurrgan PID is of vital concern to the social and economic makeup of the rural shires of Corowa and Urana. The *Guide to the proposed Basin Plan* and its associated studies provides some coverage of the workings of the district, although influenced by the association and its relative close distance to Murray Irrigation Limited (MIL). This relative influence will underestimate the value that the West Corurrgan PID brings to the region
- No reference is made to the economic benefit that the West Corurrgan PID brings to both Corowa and Urana Shires. In fact, Volume 2 Part III of the *Guide to the proposed Basin Plan* comments that "*these farms are relatively less dependent on irrigation water with the irrigated area of West Corurrgan serviced farms being around 10% of the total farm area*". What this analysis fails to achieve, is an understanding that while a small area of an individual farm is dedicated to irrigation activities, it is these activities which bring high value compared to other farming pursuits.

- The social and economic impact to the local communities and individual farmers of the West Corurgan PID in the Urana and Corowa Shires from reducing water allocations under the proposed SDLs has not been adequately assessed.
- Government policy is to achieve environmental water flows partially through the water buy-back scheme. This scheme fails to understand the engineering logic and costs structures which make individual private irrigation districts economic. The impacts of partial water buyback will have serious consequences on any remaining members of the West Corurgan PID.

5. Groundwater

The *Guide to the proposed Basin Plan* comments that the groundwater schemes in the area relevant to AlburyCity, Corowa, Greater Hume and Urana Shires are in control and require no change to SDLs and are therefore capped. It is noted that this is not congruent with the NSW Water Sharing Plans currently being implemented. If the MDBA are the authority providing the SDLs to the states, will they also provide guidance on the capped groundwater aquifers to the states?

What is the real impact of climate change modelling for groundwater diversions? There is a need to engage in more consultation and for more accurate scientific information made available to stakeholders.

6. Government Water Management

The management of water between the Australian Government and the State Governments introduces many cross overs and divergent views. Whilst the Australian Government comments on one item, the State Governments can have alternate viewpoints and introduce regulations. There is a requirement that a more closely aligned policy implementation to be achieved. An example is the introduction of the NSW Groundwater Sharing Plans which reduced groundwater allocations even though the *Guide to the proposed Basin Plan* comments that these groundwater aquifers are adequate.

The use of the precautionary principle is a safe scientific approach to complex problems where the outcome can have high variability. Does the precautionary principle apply to the outcomes for people and their communities or does this only apply to the environmental outcome.

The proposed SDLs for the Murray region are 26-35%. If the SDLs only come from watercourse diversions then the proposed SDLs will increase to 28-37% placing an even higher burden on rural communities.

Do the proposed SDLs include the water savings already achieved by existing programs such as The Living Murray initiative?