

## **Guide to the Proposed Murray-Darling Basin Plan**

**The Australian Workers' Union**

**Submission to:**

**The Murray Darling Basin Authority**

**And**

**The House of Representatives Standing Committee on  
Regional Australia**

**December 2010**

## Executive Summary

The Australian Workers' Union (AWU) is the major union in Australian agriculture spanning agricultural related activity the length and breadth of the Murray Darling Basin.

Covering more than one million square kilometres, in four states and a territory, the Basin generates more than 40 per cent of the gross value of Australian agricultural production and employs hundreds of thousands of Australians supporting both workers and their families and the regional communities where they live. The Basin is home for over 2 million Australians.

Regional communities are supporting small businesses and the goods and services they provide to regional Australia. These linkages are critical to understanding the impacts of the future Murray Darling Basin Plan (MDBP) as set out in MDBP Guide.

The AWU supports water reform. Water is a precious resource. It is an essential service. We support water reform that is based on a balance between the environmental, economic and social health of the Murray Darling Basin. The purpose of this submission is to ensure that the interests of AWU members, their industries and communities up and down the Basin who rely on water directly and indirectly are accounted for in future considerations of the MDBP.

This submission outlines the AWU's key interests, and concerns and possible ways forward. Because our core interests are clear, based on a commitment to a triple bottom line approach which recognises the need for water savings but which does not lead to negative socio-economic impacts on either industry or regional communities, this submission does not distinguish between those issues which may be of more or less of interest to either inquiry. Each inquiry in the AWU's view should have these issues front and centre and given due regard.

Priority issues for the AWU and which have been the subject of on-going consultations with affected groups, local communities and workers, include:

- the impact of reduced water allocation affecting cotton and the impacts on local mills;
- the impact on irrigators across the Basin from Queensland and New South Wales to Victoria and South Australia and the communities in between;
- The \$5 billion worth of infrastructure opportunities related to improving on-farm water efficiency and less irrigation waste, which should be focused on maximising local content opportunities in plastic, aluminium and steel etc in addition to construction works;

- The development of more sustainable communities based upon a more diversified economic base suggesting more regional development, employment opportunities and targeting of the NBN to the most affected regions; and
- Opportunities for the development of a national land bank to purchase farms / water entitlements aimed at generating regional growth, local investment and employment. These issues are explored in the submission.

The AWU is encouraged by the recent steps by the Gillard Government to ensure that economic and social considerations are given appropriate weight in considering the environmental options for more effective and efficient water management along the MDB.

## **Introduction**

This submission responds to the invitation from both the Murray-Darling Basin Authority and the House of Representatives Standing Committee on Regional Australia to comment on the Guide to the Murray-Darling Basin Plan.

In response to the consultations on the Guide, the MDB Authority has indicated that the Guide gives stakeholders an overview of the proposed Basin Plan ahead of its release and an additional opportunity for feedback before the formal consultation and submission process begins.

The Authority was asked by the Minister for Sustainable Population, Communities, Environment and Water, the Hon Tony Burke MP to balance socio-economic impacts with the need to restore environmental river flows to the Murray-Darling Basin.

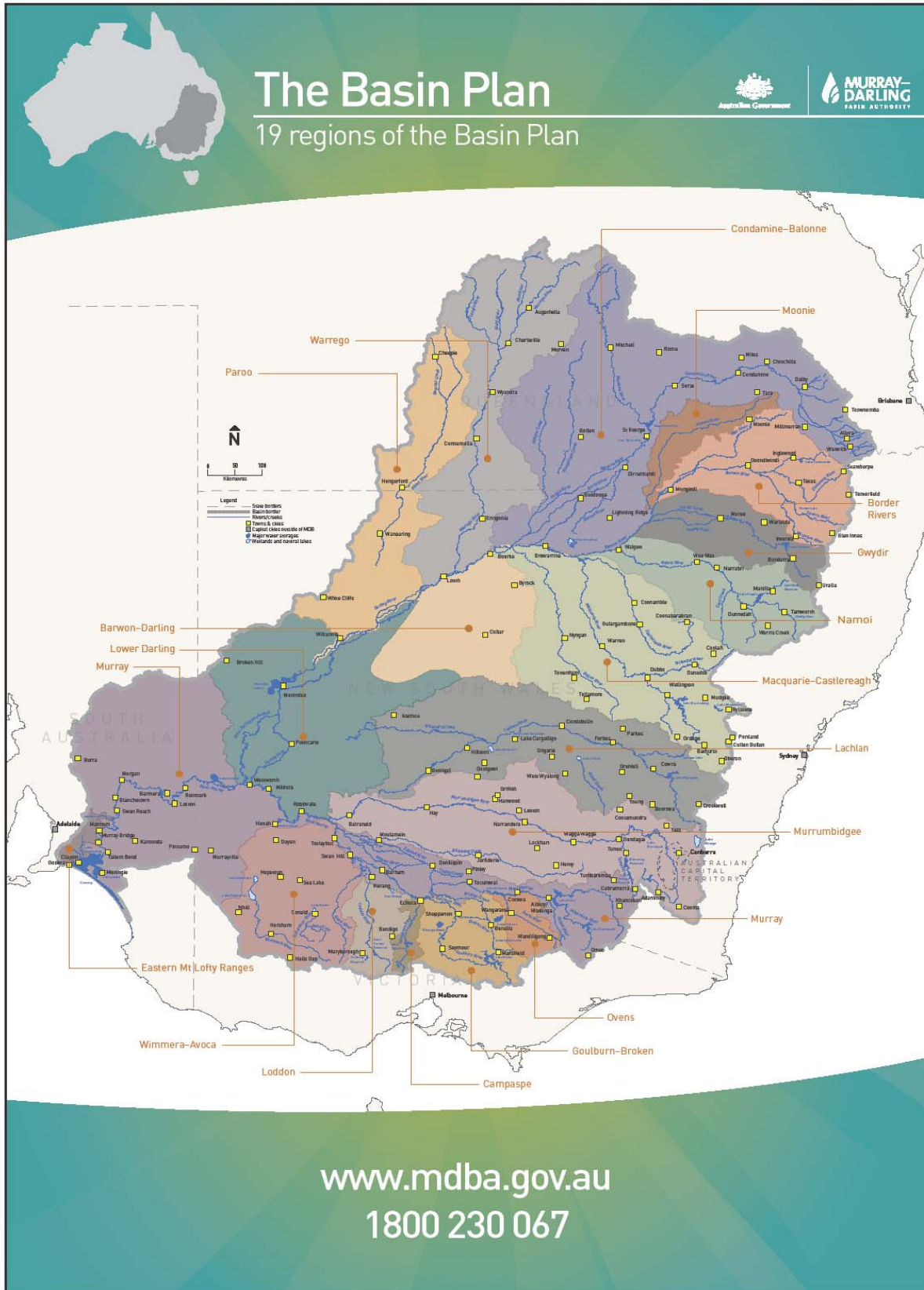
The Terms of Reference for House of Representatives Standing Committee specifically focus on the socio-economic impact of the proposed 'Guide to the Proposed Basin Plan' (the Proposed Basin Plan) on regional communities, with particular reference to:

- The direct and indirect impact of the Proposed Basin Plan on regional communities, including agricultural industries, local business activity and community wellbeing;
- options for water-saving measures or water return on a region-by-region basis with consideration given to an analysis of actual usage versus licence entitlement over the preceding fifteen years; and
- the role of governments, the agricultural industry and the research sector in developing and delivering infrastructure and technologies aimed at supporting water-efficiency within the Murray-Darling Basin.

In examining each of these issues, the Committee will also consider community views on:

- measures to increase water efficiency and reduce consumption and their relative cost-effectiveness;
- opportunities for economic growth and diversification within regional communities; and
- previous relevant reform and structural adjustment programs and the impact on communities and regions.

Announcing the inquiry, committee chair Tony Windsor MP said “The need to return water to the Murray-Darling is an accepted fact but this does not need to occur at the expense of regional communities. There has been a lot of concern expressed in communities and in the media about the impact of the Proposed Basin Plan. This inquiry is an opportunity to objectively assess solutions which will equally benefit the river and the community.”<sup>i</sup>



## Section 1: The Farm Sector – An Integral Part of Regional Australia

The AWU has always emphasised the issues of regional Australia. The Bush is where the AWU - the oldest union in Australia – started.

The Union is especially proud of the fact that more than half of the AWU membership lives and works in regional Australia. The AWU will campaign to secure the jobs of members in regional Australia and to expand investment and jobs in the regions to provide opportunities for AWU members' and their families.

Apart from mining, farming is the biggest industry in regional Australia. It employs over 355,000 people (3.8 per cent of the workforce), produces \$27 billion gross domestic product and ranks second in value of exports. The farm dependent economy of processing, manufacturing and distribution represents 12 per cent of GDP and 17 per cent of employment (2.8 million people).<sup>ii</sup>

ABS September quarter National Accounts, reported '*In seasonally adjusted terms, GDP increased by 0.2% in the September quarter and Non-farm GDP fell 0.2%.*'<sup>iii</sup> Without agriculture's expanded contribution national GDP actually contracted during the quarter. This is a reminder of the farm sector's fundamental importance to our economy, with agricultural growth soaring 21.5% over the quarter.

*'The economic performance of the primary industries sectors has been a very important buffer for the economy that in recent times has reduced the size of downturns in national economic output.'* Mick Keogh, Executive Director of the Australian Farm Institute, November 2010

### **Australia's economy is expected to remain one of the fastest growing among developed nations in 2010-11, driven by farm and mine production.**

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has forecast that the nation's economy is to expand at an average rate of 3.25 per cent.

The strong growth, which compares with a 2.2 per cent expansion in 2009-10, will be supported by a surge in private sector demand, while farm production is likely to rise 8.9 per cent according to ABARES in its latest outlook report.<sup>iv</sup>

Now is the time to ride this renaissance occurring in regional Australia and build for future prosperity. We need to encourage renewal in our regions by attracting investment - including from our superannuation funds – to our regions rather than see investment turn away from them.

The AWU's aim is to contribute to building thriving communities which ensure young people can choose to stay in country towns. The current financial attractions of the mining boom pose a major threat to the future viability of the farm sector, so long as relative wages and conditions diverge too greatly and if perceptions are that the farm sector lacks a strong, sustainable future for both workers and their families.

The sector does not need handouts and protection. It needs to encourage top tier productive sustainable farm management practices by attracting investment, retaining skilled workers, attracting new workers and a commitment to skill and train. This is surest way for the whole sector to stand on its own feet, recover from drought and thrive in the years ahead. The AWU stands ready to assist in this effort.<sup>v</sup> In return, the AWU expects that the Government will provide the sector with supportive policies which enable its full potential to be achieved.

It is critical at this time that the farm sector remains competitive in order to attract and retain skilled workers who are vital to increased productivity and growth. The AWU believes the nation needs its second wing to really fly. What this means in practice, is the need for vibrant, productive and sustainable regions to complement our capital cities. Increasingly, foreign investors see it as a great opportunity to invest in Australia's real assets - such as farm land and water.

It is not hard to understand why. These real assets produce real goods and represent a positive return on investment.<sup>vi</sup> They are both valuable and scarce in global terms. Australia must retain farm produce to ensure we remain self reliant for our food and fibre. In addition, we are well placed to supply China, India and other growth markets in Asia and the Middle East.

It therefore makes good sense to invest in the farm sector because it is also an investment in regional Australia. The Government has a vital role to play in establishing the rule of the game for both local and foreign investors. Real assets, producing real goods in regional Australia means real jobs and career paths.

## **Section 2: Responding to the Guide – setting the scene**

This is where the response to the MDBP Guide is vital in ensuring that the full socio-economic impacts of water savings are consistent with a sustainable growth strategy.

More than two million people live the Murray-Darling Basin. The agricultural industry employs ten percent of these people, compared to three percent Australia wide. The highest employment rate has recently changed from Agriculture to Retail. Retail now employs fourteen percent of the working population in the Basin. Around 60,000 of Australia's farms are in the basin, and just over 15,000 of them use irrigation.

The basin produces all of Australia's rice and oranges and around half of its wheat, lamb, pork, apples and grapes. It also produces 15 percent of Australia's cotton and a third of our beef. According to the Murray-Darling Basin Authority, only 360 square kilometres of the basin are used for fresh vegetable production. This is only one percent of the area of the Basin, but produces a quarter of Australian vegetables. Three million Australians rely on the Murray-Darling system for their drinking water.

The AWU agrees with the NFF that through new infrastructure to create water savings, environmental works projects, research and development and a transition period we can put in place a plan that gives irrigators, communities and the environment certainty.<sup>vii</sup>

In this regard, the AWU supports the point made by the Minister for Agriculture, Forestry and Fisheries, Senator the Hon Joe Ludwig, that innovation and improved water practices are good for the business bottom line and good for the environment... showing 'environmental' doesn't have to come at the expense of 'economic'.<sup>viii</sup>

The AWU is also very supportive of the Gillard Government's investment in the Basin in recognition that Australian farmers along the Basin are already making the most out of the scarce resource of water.

In particular the investment recently announced by Minister Burke to Strengthen Basin Communities will help local communities plan for managing with less water including:

- \$800,000 for the City of Wodonga for their Water in North East Victoria - Socioeconomic Adaptation Planning project, helping them build resilience and respond to the climate change;
- \$80,000 for the Albury City council to investigate the potential of re-using of treated waste water for Albury's parks, gardens and recreational areas;
- \$190,000 for the Greater Shepparton City Council to explore the effects of reduced irrigation on farming communities in the Greater Shepparton Area; and
- \$400,000 for the Greater Bendigo City Council to explore and evaluate new ways of harvesting, storing and managing stormwater and adapt stormwater management plans.

The AWU supports many more of these types of investments which build on local capacities to develop local strategies. These can then be "joined-up" across the Basin, rather than imposed from above. In this way, the efficacy of the policies across the entire Basin is likely to be much greater and at least cost.





Complementing these local level initiatives will be critical nation building investments in which all Australians will eventually share, including the National Broadband Network (NBN). Investments such as the NBN will be critical in providing the enabling infrastructure which lift productivity in regional Australia including providing new opportunities for work, and quality of life, including health, education and recreational services.

We need to keep reminding ourselves the extent of the Basin. Geographically this area starts in the north at Tambo in Queensland and also includes Roma and Toowoomba. It covers most of New South Wales includes towns such as Tamworth, Armidale, Broken Hill and Wagga Wagga. In Victoria the high profile towns of Albury, Echuca, and Swan Hill that dot the banks of the Murray itself are directly affected by the flows of the river. Renmark in South Australia along with Murray Bridge are also in the Basin. A note worthy city that is not in the Basin but relies heavily on it for its drinking water is Adelaide.

## The Murray-Darling Basin

The Murray-Darling Basin covers 1,061,469 square kilometres or approximately one-seventh (14%) of the total area of Australia (7,692,024 square kilometres).

It contains over 40% of all Australian farms, which produce wool, cotton, wheat, sheep, cattle, dairy produce, rice, oil-seed, wine, fruit and vegetables for both domestic and overseas markets. As Australia's most important agricultural region, the Basin produces one third of Australia's food supply and supports over a third of Australia's total gross value of agricultural production.

Three quarters of Australia's irrigated crops and pastures are grown in the Basin. While agricultural production is vital to our economy, the Murray-Darling Basin is much more than simply a "food basket". It has an important place in the cultural heritage of all Australians and includes many significant natural heritage features.

The national capital Canberra, is located in the Basin along with many of Australia's major inland urban centres including Toowoomba, Bendigo, Albury Wodonga, Tamworth, Dubbo, Orange, Wagga Wagga, Queanbeyan and Shepparton. Over 2 million people live in the Basin.

### Murray Darling Basin

The Basin's most valuable resource is water. The water in the Murray-Darling river system comes from a very small percentage of the Basin area; mainly along the southern and eastern rim. Almost 86% of the vast 'catchment' area contributes very little or no regular run-off to rivers.

The rivers have very low gradients over most of their length, which cause them to flow slowly as they meander across the vast inland plains.

### Landscapes and Rivers

The three longest rivers in Australia all run through the Murray-Darling Basin. These are:

- the Darling River (2740km approx)
- the River Murray (2530km long); and
- the Murrumbidgee River (1575km long).

The Basin has a big variety of climatic conditions and its highly diverse landscapes range from sub-tropical conditions in the far north, cool humid eastern uplands, high alpine country of the Snowy Mountains, the temperate south-east, to the hot and dry semi-arid and arid western plains. Source: <http://www.murrayriver.com.au/about-the-murray/murray-darling-basin/>

### Section 3: The Issues

- **How much water does the environment need?**

The MDBA found that the environment in the basin needs at least 3000 Gigalitres a year more than what it is currently receiving to be sustainably healthy.

The Murray Darling Basing Guide plan says that the environment is currently receiving 19,000GL a year on average. The proposed changes mean that water to the environment will need to increase by at least six percent. The MDBA says that this amount should keep the mouth of the Murray open for eight out of 10 years. This year is the first year since 2002 that water has flowed out of the mouth of the river.

Irrigators have noted the efficiencies already being delivered and that big strides have already been made in adding to water savings in the order of over 900 GL (this compares to a minimum target in the Basin Plan of 3000 GL) under the existing National Water Initiative (NWI).<sup>ix</sup>

Other options to achieve further savings include better Lower Lakes management (to avoid evaporation), better use of Minindee Lakes and further infrastructure investment aimed at driving efficiencies.

The AWU agrees that a healthy river means healthy irrigation systems and healthy communities along the river systems into the future. But the AWU shares concerns expressed by the NFF that the Murray-Darling Basin Authority has not done all the analysis to prioritise the 2,442 sites in the Basin or quantified how much water is needed to satisfy the key assets.<sup>x</sup>

The Authority, has taken the “easy road” of applying a higher target for water savings beyond previous targets under the existing NWI but like a blunt instrument is delivering a decisive blow to the future of the MD Basin from end to end.

More work is required by both the Authority and interested stakeholders. That is why the expanded terms of reference aimed at measuring socio-economic impacts were needed. And that is what these consultations are about.

Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig, said given the significance of agricultural production to regional Australia this inquiry will provide farming communities along the Basin with an opportunity to have their say.

“I am very interested to work with farmers and farming communities to ensure agriculture continues to be an efficient and sustainable contributor to Australia’s economy.”

**Parliamentary inquiry into the Murray-Darling Basin Plan, 14 October 2010**

DAFF10/022LJ

**Joint media release**

Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig

Minister for Regional Australia, Regional Development and Local Government, Minister for the Arts, Simon Crean

Minister for Sustainable Population, Communities, Environment and Water, Tony Burke

- **The importance of food security**

The world’s population is predicted to reach 9 billion by 2050, additionally a growing middle class in developing nations will place even greater pressure on global food supply.

Global food security has become a major concern for many countries.

In July 2009 at the G8 summit 26 countries, including Australia, and 14 multilateral agencies endorsed The Joint Statement on Global Food Security which outlines a coordinated approach to food security.

The supporting countries and agencies (among these the United Nations, World Bank and World Trade Organisation) agreed to act with the scale and urgency needed to achieve sustainable global food security. They acknowledged that the food security agenda should focus on agriculture and rural development by promoting sustainable production, productivity and rural economic growth.

In March 2010, the Minister for Agriculture, the Hon Tony Burke MP, raised the issue of global food security at the ABARE Outlook Conference, noting that food security is one of the three biggest issues in the world along with climate change and the global financial crisis.<sup>xi</sup>

In the AWU’s view, Australia has both an opportunity and responsibility to contribute to global food security, responsibly and sustainably. That agenda is part and parcel of future plans concerning the future of the Murray Darling Basin – the nation’s foodbowl.

What is necessary is not one revolution in agricultural productivity, but a series of country specific responses to spark a range of mini-revolutions in productivity that leverages off intellectual capital and an understanding of the environment.

Australia and its horticultural industries have a part to play in meeting the challenge of the global food crisis. The investment in programs to increase productivity over the past 20 years and going forward will not only benefit the horticulture industry, it will help to meet the increasing demand for global food supply.

The AWU agrees with the NFF that our farmers need surety to produce the food we take for granted each day. Around 93% of the food we eat every day is grown on an Australian farm – that's about 40% of everything we produce. The rest is destined for world markets.

The Gillard Government has been active in developing strategies. The Minister for Agriculture has been working with the NFF and others aimed at shoring up food security in this country and make certain we have a strong agricultural base to cope with surging demand.<sup>xii</sup>

But as we have seen, with our own population over the next 40 years expanding toward 36 million and to 9 billion globally there are massive opportunities if some of the challenges we face can be met.

These include how we allocate water, what we do about the slide in spending on agricultural R&D (critical to lifting productivity) and the poor state of infrastructure confronting the Basin.

## **Government begins work on Australia's first National Food Plan**

**1 December 2010**

DAFF10/062L

Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig, today announced a National Food Policy Working Group to advise government on issues and policies affecting Australia's food chain.

The working group will provide a forum for active communication between the food industry and government to foster a common understanding of the industry's priorities, challenges and future outlook.

Minister Ludwig said the working group will also provide strategic advice to government on the development of a National Food Plan.

"The Gillard Government is delivering on its election commitment to develop a National Food Plan that will look at the challenges and opportunities across the whole food chain," Minister Ludwig said.

"Our agricultural sector is in a strong position. 98 per cent of our fresh produce is grown and supplied by our very own farmers.

"But we need to ensure that our food industry adapts to the economic, environmental and consumer driven pressures across the food sector, from the paddock to the plate.

"The National Food Plan aims to deal with these issues and other challenges in the years ahead.

"One important role for the National Food Plan will be to recognise the wide range of work already occurring on food issues and bring this together in one place."

Minister Ludwig will today chair the first meeting of the National Food Policy Working Group, which includes representation from across the food industry.

"The Gillard Government will seek the views of the working group on policy priorities for the food industry over the coming decade," Minister Ludwig said.

"We are interested in seeking views from key industry representatives about how the Government can support industry growth and productivity."

- **Getting the balance right is essential**

A lot of work has been done to improve irrigation technology to maximise its efficiency.

Professor Mike Young, from the Wentworth Group of concerned scientists, has identified that more work needs to be done to also make environmental water management efficient.

“In the last two decades the irrigation industry has been revolutionary in terms of improving water management,” he said. “Environmental water management hasn’t made the same progress.”<sup>xiii</sup>

In the AWU’s view part of this problem is attempting to deal with the environment in isolation from the socio-economic context, which is precisely the predicament faced by the MDPA in the Guide. It is that context which the irrigators have got right because they have been clear on their objectives, basically growing more with less. And as they are making their advances, so the environment also benefits.

This is the complexity, complementarity and co-existence of the challenges faced in the Murray-Darling Basin. The environment, economy and society are not independent of each other but entwined with the destiny of each dependent on the other.

Investing in water saving technology and infrastructure in addition to advanced water management practices in our workplaces and homes will go a long way in ensuring that triple bottom line outcomes are achieved.

The MDBA says in the guide that the reduction in water allocation for agricultural purposes won’t mean that every farmer will lose twenty percent of their water. Instead the government will voluntarily acquire water licences and those licences will be withheld for environmental purposes. The MDBA predicts that this re-allocation will reduce the gross irrigated agricultural activity by \$0.8- \$1.1 billion. This will have obvious impact on the farming industry and the communities that depend on income from agriculture.

Changes in farm incomes or returns to tourism operators and others may lead to changes in expenditure patterns in regional communities, affecting regional income and employment. In turn this may affect population levels and broader service provision and community welfare. It will be important to identify trends in community structure and any opportunities or threats that may arise as changes in water use by farmers, commercial and urban users flow through to regional communities.<sup>xiv</sup>

## Section 4: Investing in the Basin

We need to ensure that the productivity of farms in the Basin isn't adversely affected and that communities can flourish.

The importance of triple bottom line outcomes is in line with a broad reading of the existing Water Act. While we can debate the elements of the Water Act, what appears clear is that the existing Act provides ample scope to optimise economic and social outcomes in line with better water management. The real issue for the AWU is how the Act has been interpreted so far by the MD Authority.

The AWU is continuing to speak of the importance of the strong economic narrative in addition to the science debate.

The tension is between focusing on achieving triple bottom line outcomes which optimize economic and social outcomes at the same time as making water savings, versus rewriting the Water Act which some believe is required.

The bottom line is that if the Government thinks we can work within the current Act, the ball is in their court to prove that we do not need to rewrite the Act through their deeds.

Water cuts can only be considered in conjunction with investment in effective water-saving infrastructure on farms and investment in local communities. We expect analysis of the productivity impacts on farms and regional communities that flow from any proposed changes to be based on a full cost benefit analysis which includes the opportunity cost of meeting water targets at the price of local investment and jobs.

The socio-economic narrative that is also the Murray- Darling Basin is compelling and of the highest national significance. It must sit alongside the science of better water management in order for us to make any progress.

Our experiences in dealing with the CPRS debate means that a successful outcome must have the broadest involvement of affected parties in order to ensure that a mechanism aimed at promoting better water management also makes a contribution to industry costs, efficiency and productivity, and provides opportunities for workers. There will be "win-win" solutions rather than "win-lose" if we chase investment in infrastructure and aim for thriving sustainable communities employing workers.



Agreement on optimal models such as this then allow policy makers to make progress with achieving triple bottom line outcomes. Targets can always be varied. What cannot be varied however is the starting point for the application of targets in the first place if the targets produce a reaction equivalent to the threat of leakage of investment and jobs under the CPRS absent necessary transitional arrangements for emissions-intensive, trade-exposed industries. Flight of capital and de-population from the Basin is a real risk in the context of a buoyant mining sector and city-based growth.

That is why the scare campaign run by the Greens in relation to the CPRS on the size of transitional assistance for the EITEs proved such a distraction and ultimately so damaging. It served to blur the fundamental reform which the CPRS was actually going to deliver, a trading mechanism for carbon emissions which would at least cost stated to bring emission levels down while assisting effected industries prior to a comprehensive global trading framework was established.

This would have been (and still can be) a much better outcome than trying to regulate to achieve the same outcomes at a much higher cost to the nation.

We need to learn these lessons as we deal with the various models for meeting water savings targets. We need to clear about the extent we want to have regulation decide “where, what and when” in the Basin. Key challenges are how much we should allow the operation of the water market dictate flows to more productive uses while ensuring a role for Government in maximizing local opportunities building on identifiable competitive advantages in addition to providing a safety net to protect industry and communities in the Basin.

What is clear is that the AWU supports a generational upgrade in the social and physical infrastructure in the Basin. A useful model to review is the Goulburn Valley’s Foodbowl in Victoria.

### **Case Study: The Foodbowl – a model for approaching investment in the Murray-Darling Basin as a springboard for Regional Renewal**

The Goulburn Valley's Foodbowl Group came together in response to a disturbing trend: water, the region's "competitive advantage" in the world, was being sold out of the region at an increasing rate – accentuated by the impacts of drought.

The major reason for this trend was clear: the region's vast but ageing irrigation system – chiefly built for soldier settlements over the last century – was no longer competitive with other locations for large-scale, irrigated agriculture. The advent of water trading had merely made it obvious.

It was also clear that the irrigator community – financially weakened by a decade of drought – was in no position to make the investment the system required. The Foodbowl Group proposed to the Victorian Government that it should substantially invest in the irrigation infrastructure in return for a one-third share of the water savings that would result from increased efficiency.

In June 2007, the Victorian Government announced a \$4.9 billion plan for improving water infrastructure in the state, including a \$1bn investment in Stage 1 of the Foodbowl Modernisation Project. The Foodbowl Group is anticipating a similar contribution for the Federal Government to ultimately complete a \$2.2bn refurbishment of the region's irrigation system.

#### **The Vision**

The Foodbowl Group's objective for the Goulburn Murray Irrigation District is to first ensure a strong and vibrant community based on world best practice irrigated agriculture.

The Group believes the irrigation modernization project presents a unique opportunity to massively leverage the region's (already considerable) strengths in food production and processing – and associated expertise in sophisticated irrigation, engineering and logistical systems – so as to position the region as an export-oriented "foodbowl" of world renown.

<http://www.foodbowl.com.au/background.cfm>

- **Regional Development Objectives**

While funding for Stage 1 of the Irrigation Modernization Project has been provided under the State Water Plan, the Foodbowl Group believes a range of regional development initiatives must be taken in parallel with the project. These are lessons applicable to the entire Murray-Darling Basin.

Strategies need to be developed on a whole of region basis to:

- Ensure local government and planning authorities are working together to co-ordinate land-use and planning policies to encourage development of the most suitable land for appropriate agriculture;
- Develop a continuing and informed dialogue with the agribusiness community regarding likely demand for crops and foodstuffs in the context of changing world demographics and climate change;
- To work with state and federal governments to attract large water-use industry to the region;
- To work with educational institutions to develop expertise in irrigation and water-use research and support appropriate skills development to meet the region's emerging needs;
- To promote and encourage appropriate non-water infrastructure to support the region's development as an increasingly important centre for food and processed food exporting; and
- To support the transition of small farming enterprises to world-competitive, sustainable agribusiness enterprises with a variety of models that maintain and enhance community cohesion.<sup>xv</sup>

## **Section 5: Future opportunities:**

A range of industries are experiencing renewed health as a consequence of their own improved management practices and recent rains. For example, cotton, dairy and horticulture and water dependent activities which are getting a major boost:

### **Cotton:**

The Australian 2010-11 season is fast shaping up to see the biggest Australian cotton crop ever, with over 665,000 hectares planted to date - a vast increase on last year's total planting of 211,000 hectares.

This summer, cotton will stretch from Queensland through northern NSW all the way down to the Murrumbidgee valley in southern NSW.

Cotton Australia CEO, Adam Kay, says after a decade of drought, rain and strong international prices are driving a long-overdue Australian cotton resurgence.

“When you add a wet start with the highest price for cotton since the 1860’s, then you can see why we are on track for a record Australian cotton harvest.”  
<http://www.cottonaustralia.com.au/news/view.aspx?id=470>

### **Dairy:**

While production has contracted in recent years, the local market has accounted for an increasing proportion of the industry’s production — around 55 per cent of annual output.

The Australian market will continue to represent a relatively “safe haven” of steady sales

growth for the industry with neither the extreme highs nor lows of the international commodity market. Companies supplying the domestic market are positioned to push for margin recovery, given the tight supply situation and improved export opportunities.

### **Horticulture:**

Productivity increases in horticulture have been achieved through developments across the spectrum of agronomic practices such as soil management, plant nutrition, tree management, plant physiology, planting design and propagation systems as well as through breeding programs that have produced new higher yielding varieties.

## **Manufacturing and Distribution:**

Patterns of demand favour high-value products (both in domestic markets and new global markets). Investing in local manufacturing expands the range of products which can be sourced locally and for sale to export destinations. Companies such as SPC Ardmona and Fosters are important major manufacturing employers in the Basin.

### **Some observations from recent consultations with the MDBA**

- That farms and farmers are an important part of the environment too and they are good for the environment - the environment is not just the river and there should be an assessment of the environmental impact this will have on farms, as well as the impact of reducing farms which are producing many environmental benefits such as growing plants that use CO<sup>2</sup>.
- That farmers are environmentalists – they manage environmental resources – give them a chance to do it.

See community consultations at [www.mdba.gov.au](http://www.mdba.gov.au)

## **Section 6: Economic and National Security**

Australian farming assets represent more than food security. They offer freehold title to scarce resources in perpetuity and because they are finite, which will continue to appreciate in value. Demand for these assets from overseas will increase in the future as the world scrambles to secure resources essential to sustain the living standards of populations and dealing with global greenhouse challenges.

Australia has an abundance of farm land and this will be increasingly seen as valuable resources in a resource constrained world where opportunities for such activities as carbon sequestration are likely to increase in value.

The AWU has been concerned at the encroachment of foreign sovereign wealth funds and state trading enterprises into Australia's primary industry assets because, unlike private sector investors, these entities are often motivated by factors other than commercial rates of return to shareholders. In the mining sector, we have called for strict controls and a contribution to a national endowment or wealth fund when foreign government entities are essentially extracting our own finite natural resources to power their own growth and development without adding value locally.

This issue should also be considered by the inquiries because there are opportunities for the Australian government to be more active in regulating this investment to the benefit of landholders and to the nation as a whole. Land banking, and lease back arrangements are areas for possible consideration. Prohibition of the sale of freehold title to a government owned foreign entity would enable our Government (as sovereign) to act as broker and intermediary between foreign entity and farmer on fair terms, including leasing arrangements. Revenues generated can be ploughed back into the sector underwriting farm acquisition and expansion activities.

## **Conclusion**

The AWU supports a strong Murray-Darling Basin, including thriving industry and communities with opportunity for Australian workers and their families. We see the Basin as the destination of choice for those wanting to build a better quality of life for themselves away from crowded cities and stretched infrastructure.

We need to balance the competing demands of the Basin is a mutually reinforcing way and aim for growth.

Our agreed **objectives** are:

A balanced Basin Plan that delivers a triple bottom line outcome which maximises environmental, economic and social outcomes from the use of the Basin's water resources and where communities across the Basin are fully engaged to achieve this objective.

Elements of the work which stakeholders need to investigate and which the inquiries should consider include:

- 1) View the Basin as a strategic economic and national asset;
- 2) A greater level of engagement with 4 state governments and a territory government affected by the Plan;
- 3) Support big water saving projects and other infrastructure investments such as the NBN and industry facilitation with mandated local content;
- 4) Focus on food security as a driver of reform – the Murray-Goulburn case study;
- 5) Complementary short term works and measures throughout the Basin which can be championed and controlled by local communities; and
- 6) Outline the model of sustainable growth in the Basin based on triple bottom line outcomes.

The AWU is pleased to participate in these inquiries vital to both the Basin and nation. The AWU stands ready to assist the committee in the days ahead aimed at developing a set of recommendations which will secure the future for the Murray Darling Basin.

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## Endnotes

<sup>i</sup> Murray Darling Basin Plan comes under Parliamentary scrutiny, [http://www.aph.gov.au/house/news/news\\_stories/news\\_ra\\_oct10.htm](http://www.aph.gov.au/house/news/news_stories/news_ra_oct10.htm)

<sup>ii</sup> Also refer to NFF Farm Facts for a range of comparative data, <http://www.nff.org.au/farm-facts.html>

<sup>iii</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5206.0>

<sup>iv</sup> ABARE Australian Commodities, December Quarter, 2010, [http://adl.brs.gov.au/data/warehouse/pe\\_abares99001766/AC10.4\\_Dec\\_REPORT\\_part1\\_12a.pdf](http://adl.brs.gov.au/data/warehouse/pe_abares99001766/AC10.4_Dec_REPORT_part1_12a.pdf)

v

### **The Australian Workers' Union Submission to the Australian Fair Pay Commission Minimum Wage Review 2008**

<sup>vi</sup> The better farms' total returns over the last 30 years have only been slightly less than shares - the best performing asset class over the long term - and they have beaten commercial property by close to 20 per cent per annum.

<sup>vii</sup> **Floods don't mean water debate is 'off the boil', NFF, 6 December 2010**

<sup>viii</sup> **Minister welcomes flow of ideas from irrigators in southern Murray-Darling Basin, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry  
Senator for Queensland, 10 November 2010, DAFF10/043L,**

<sup>ix</sup> Refer to National Irrigators Council and 8<sup>th</sup> Annual Water Summit <http://www.iir.com.au/conferences/energy-utilities/water/australian-water-summit>

<sup>x</sup> **Floods don't mean water debate is 'off the boil', NFF, 6 December 2010**

<sup>xi</sup> Productivity gains needed to meet global food demands, 29 April, 2010, [http://www.horticulture.com.au/news\\_events/news.asp?id=277](http://www.horticulture.com.au/news_events/news.asp?id=277)

<sup>xii</sup> **Agriculture spurs economic growth, NFF, 1 December 2010**

<sup>xiii</sup> [Farming's future in the Murray-Darling Basin,](#)

<sup>xiv</sup> <http://www.unisa.edu.au/hawkeinstitute/research/ecosocial/eco-case-study.asp>

<sup>xv</sup> <http://www.foodbowl.com.au/background.cfm>