

Sc

REF: 4127/10/21-10-00
DH/RP

22 December 2010

The Secretary
House Standing Committee on Regional Australia

Via Email: ra.reps@aph.gov.au



45 Splatt Street
(PO Box 488)
SWAN HILL VIC 3585
DX30166
SWAN HILL
Tel: 03 5036 2333
Fax: 03 5036 2340
E-Mail: council@swanhill.vic.gov.au
ABN 97 435 620 016

Dear Secretary

INQUIRY INTO THE IMPACTS OF THE MURRAY DARLING BASIN PLAN
IN REGIONAL AUSTRALIA

Swan Hill Rural City Council welcome the opportunity to comment on the Murray Darling Basin Plan Guide and please find attached its submission.

It is pleasing that the Federal Government in response to the overwhelming condemnation of the Guide agreed to the establishment of the inquiry.

In its current form the Guide, with its proposed water allocation cuts, will be responsible for considerable damage on individuals and communities within the Murray Darling Basin.

The Guide has not provided a balanced outcome with respect to environmental, social and economic issues of the Murray Darling Basin.

There is recognition of the importance of a healthy environment and river system however the Water Act 2007 has not recognised the rights of the people of the Murray Darling Basin to a certain future.

This debate has come after years of sustained drought and is not welcomed by those people and communities that were contemplating a brighter future. The inquiry will hopefully give regional Australia a chance to voice their concerns directly to the Federal Government and the Parliament.

Swan Hill Rural City Council requests that it be given the opportunity to make a presentation to the Standing Committee on behalf of its residents.

If you require any information please call

Yours sincerely

Dennis Hovenden
Chief Executive Officer

SWAN HILL RURAL CITY COUNCIL

Murray Darling Basin Authority Guide – Proposed Murray Darling Basin Plan.

Executive Summary

Swan Hill Rural City Council welcomes the opportunity to provide comment on the guide to the proposed Murray Darling Basin Plan.

The municipality is located within a key strategic position not only in Victoria but with respect to the Murray Darling Basin.

Within our municipality there is a diverse range of agriculture and horticulture achieved through both dry land and irrigation.

Water is not only the lifeline of the environment but also to the families and communities of the Murray Darling Basin.

No one denies the importance of a healthy environment and river system however, this should not be achieved at a huge cost involving individuals, families and total communities.

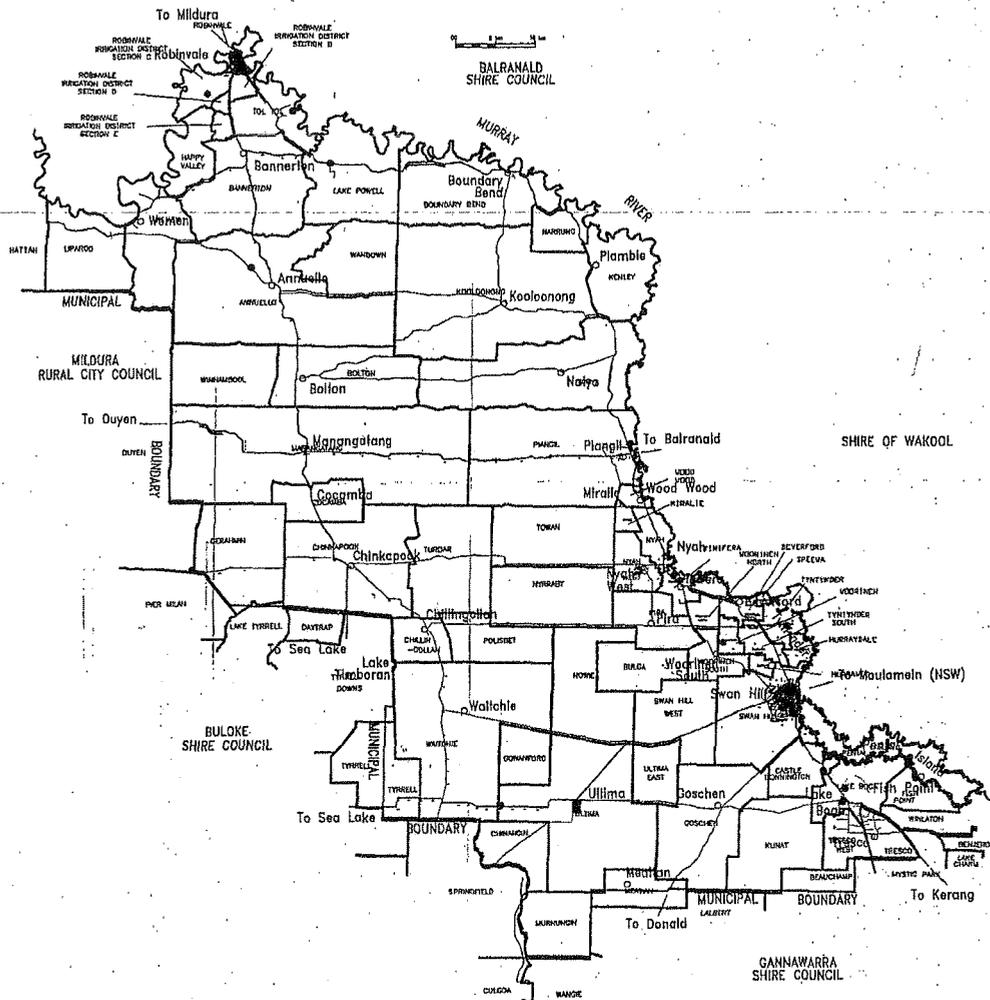
If the right balance is not achieved between the environmental social and economic needs based around water sharing, then our region faces an uncertain future and damages on such a way that might take a number of future generations to repair.

There needs to be a fresh start on how to achieve the right balance that involves all key stakeholders, communities of the Murray Darling Basin and all three levels of Government working cooperatively to find the balance.

The current situation that the authority and the Murray Darling Basin communities find themselves in is not the way to find the solution.

Instead of putting themselves against people and communities, the Authority must seek to harness the goodwill, expertise and knowledge of the Murray Darling basin to strike a balance that would return the environment to a preferred state whilst allowing communities to look forward to a certain future.

Swan Hill Rural City Council Profile



A number of key facts relating to our municipality

- 22 116 Residents
- 6 116 square kilometres
- over 50 ethnicities
- 500 kilometres of the Murray River
- Cross Border location with New South Wales
- 11 communities
- Labour force 10 893
- Over 40 commercially grown product (almonds, olives, stone fruit, wine grapes) sheep, grain, cattle

Our municipality is in the heart of Victoria's food bowl and has a close connection to the food growing region of the New South Wales Riverina.

Water irrigation is a key feature of the municipality as is the Murray River and its environment.

Tourism, be it in its traditional form or through the emerging Eco Tourism Industry features within our municipality with over 674,000 visitor nights recorded injecting \$70 million into the local economy.

Any significant reduction in the availability of water will put at risk the further of our municipality and the people that live here.

Based on a solid historical foundation built around horticulture and agriculture the Council has a goal to grow its population base to 40,000 over the next thirty years.

A certain economic future will be required to ensure that the Council meets its goal.

Council's strategic plan 2009-2013 recognizes the importance of a healthy environment and that is why Council remains committed to finding the right balance between environmental, social and economic needs with respect to the Murray Darling basin Plan.

In its current form the balance is missing from the proposed plan for the Murray Darling Basin

Community feedback on the Murray Darling Basin Plan Guide

Since the release of the Guide to the Murray Darling Basin Plan Guide there has been wide spread community anger at its contents and proposed water allocation reductions.

Individuals and communities have felt betrayed by the guide as it has given little or no regard to the Socio Economic impacts that the proposed cuts would deliver.

The Guide has not looked at the issue widely despite having considered their own reports on the Socio Economic Impacts – Economic and Social Profiles and Impact assessments from the Murray Darling Basin Plan Marsden Report.

Instead the MDBA has relied heavily on the contents of the water Act 2007 as the reason why only the environment has been considered.

Many in the community see this as only looking at part of the issue and designing a cure based on not all of the facts.

This has resulted in a loss of confidence in the process and the credibility of the authority has been damaged.

This was further heightened when Minister Burke recently advised that the Authority had the ability to look at social and economic impacts.

As the Authority commenced its consultation process more flaws in the guide were uncovered which did nothing to allay the fears of the community.

The early admission that the loss of 800 jobs Basin wide was wrong only added to the anger. It is considered that the real figure is likely to be in the many thousands.

The lack of details and the inability of people to get answers caused more community frustration.

The community have come off years of drought and do not need increased uncertainty which is what the guide has produced.

Many people had to travel great distances to be heard and contribute to the debate which resulted in loss of productivity throughout the region.

Community members put forward the following views:-

- They have already adapted to loss of water
- They want a certain future
- They have to produce plans to how best use the water so the Government should also have to produce a water plan for the environment.
- There are no willing sellers of water but people forced into the sale of water due to circumstances.
- The environment has a right to exist but so do they
- Why hasn't anyone learnt from past experiences.
- Should be more than just one strategy to achieve more water for the Environment.
- Concern about stranded assets caused by the water buy-back.
- The Government is not listening to the people who have knowledge and expertise.

Swan Hill Rural City Council had to conduct its own information sessions to assist its community to understand the issues.

Thankfully the Authority did finally agree to host a meeting on the 15 December 2010.

At this meeting the community demonstrated that they have a general understanding of the issues, would like more information and would like to be a part of the solution.

There is wide spread support for alternative solutions such as continuation of the modernisation process in order to achieve water savings.

Murray Darling Basin Plan Guide – Issues of Concern

There are a wide range of issues that have emerged as a result of the release of the guide.

Water Act 2007

The debate since the release of the Murray Darling Basin Plan Guide has centred on the Water Act 2007 and what it can and cannot address.

There has been conflicting advice as to whether socio economic factors can be considered with Minister Burke of the firm belief that the Authority can consider these factors.

For their part though the Authority are insisting that the Act only allows for consideration of water for the environment.

The Guide has in fact highlighted the deficiencies contained in the water Act 2007 and further strengthens the case for the Parliament to review the legislation.

The Water Act 2007 in its present form does not allow opportunities for growth in the horticultural industry.

If the Guide is adopted then the Water Act 2007 will have contributed to the diminished capacity for the nation that has a growing population to be able to feed itself and to continue to be a significant exporter of food.

The Water Act 2007 and the Guide do not take into account other water savings measures in arriving at what is considered to be necessary water allocation cuts to improve the Environment.

Cities and town that have waste water reserve and the capacity to harvest water/storm water are given no consideration at all.

The Water Act 2007 which is the basis of the Murray Darling Basin Plan have been shown to be flawed in its thinking and when applied to the Guide has produced a damaging outcome.

This piece of legislation needs to be reviewed in order to restore balance.

Consultation Process

There has been a lack of credibility about this process from day one.

The information provided has been difficult to understand and many people feel as though the Authority is just going through the motions.

People do want to be a part of the process and the solution.

Lack of Socio Economic Data

By far this is the biggest concern and has not been addressed by the Authority.

Had thought been put into the document to include socio economic data, the ensuing debate could have in fact focused on solutions.

Within the Swan Hill Rural City Council Municipality the Economy is largely dependent on the availability of water.

If water is reduced or sold on a permanent basis then it is logical there will be a detrimental impact.

Water in part equates to a communities and individual wealth.

The Murray Darling Basin communities are already under pressure due to years of sustained drought.

The Murray Darling Basin Plan Guide has added to that pressure by introducing significant uncertainty to the lives of people.

This view is supported when consideration is given to some of the key findings of a report prepared by Adrian Rizza an independent booking consultant on the potential impacts of changes to water allocations on financing the agricultural sector and business within the basin.

He concludes the following in his study.

- 20% water reduction would be the equivalent to perpetual drought conditions therefore what would the proposed water cuts be?
- The uncertainty is having an influence in bank funding decisions

- Banks can call in loans if they believe that the property will be at risk
- Debt levels in the basin are already at record levels
- Banks view towns of less than 25,000 who rely on irrigation not to be sustainable

If banking institutions are nervous about the Guide then it does not go well for those people who rely on the support of banks to continue to operate a farm or a business.

The Guide, gives no consideration to the social and economic dislocation caused by the impacts of less water. People may be forced to leave their communities but with diminished capacity to relocate.

It will be left to local government to address the issues but with reduced capacity if the community is in decline.

No plan for the use of Environmental Water

It is clear that there is no plan as yet for use of the water for the environment with all that is known in that water is needed.

Irrigators and farmers are asked to act in a responsible manner when using water so therefore the Commonwealth Government should do likewise.

A plan should be produced and considered as a part of the discussion.

Environmental Science

The information is difficult to understand, has been proven to be wrong in parts and warrants greater review to determine if it is justified.

The presentation of the information relies on a great deal of historical data and gives no credence to the worth of local knowledge.

In predicting the savings required the Authority has not taken into account any savings made thus far.

Some of the modelling if implemented would actually create a more damaging impact on communities through the creation of flooding.

The actual numbers of gicalitres required (3000 – 7500) with a preference of between 3000 and 4000 gicalitres is such a wide range and should be have an exact number pinpointed.

The impacts of 3000 gl will be significant but at 4000 gl they are greater still.

Implementing recovery planning for individuals and communities cannot be determined until an exact figure is known.

The impact of a return to normal or above normal rain fall appears to have been ignored as though this will not occur. It is clear to see the positive impact on the river system and environment due to the current rainfall. Trees once considered dead have returned to life and the river systems are coping with record flows.

What is needed is a plan to capture this excess water.

Other Government Policy

No consideration has been given to the combined impacts of the Murray Darling Basin Plan Guide and legislation raised by the Victorian and New South Wales State Government s with respect to river red gums and the creation of National Parks.

Legislation combined with drought has had a significant impact on individuals and communities.

Future Confidence

Swan Hill Rural City Council remains committed to growing its municipality.

Given its strategic location the municipality offers a key regional location and a solution to the overcrowding being experienced in Melbourne.

Council does not want to be left with land that has lost its water because people have been forced to sell water.

Council does not want to have to be left with land that is stranded because the water buy back has created the "swiss cheese" effect.

Council does want to be able to pursue increased investment based on certainty for our region.

As an example Council are currently negotiating with a company looking at a \$55 million dollar investment within the municipality.

This would create up to 80 full time jobs and equates to a population increase of up to 400 people attached to taking up the new jobs. There will be significant benefits to the local economy during the building stage and beyond.

The industry that this project is in requires access to water and there is a need for certainty to that water.

This represents a wonderful opportunity for regional growth in North West Victoria.

It is a known fact that capital cities and regional centres are under pressure to house people.

Land that once produced food now has houses built upon it and there are all sorts of infrastructure problems.

Throughout the Murray Darling Basin there are communities who can provide solutions but they need a certain future.

The current proposed water allocation cuts will take away that future and will place greater socio economic pressures on the Federal Government as they will have to assist in relocating individuals and families who will have to move.

The Federal Government should be encouraged to invest in regional Australia's future not contribute to its demise.

Current policy is at conflict with itself when a Federal Government can roll out to regional Australia broadband but then create an environment that will see regional communities fade away.

Swan Hill Rural City Council understands the importance of water for the environment and a healthy river system, because it has a large part of the Murray River as one of its borders.

The ability to give our community a certain future is just as important.

Conclusion and the way forward

The balance between the Environmental Social and Economic needs of the Murray Darling Basin is recognised as a key driver to finding the right solution.

The Murray Darling Basin Plan Guide in its current form will not deliver the balance and will be to the detriment of many within the Basin.

Swan Hill Rural City Council would seek:-

- A review of the Water Act 2007.
- Increased importance placed upon the socio economic data when the plan is released.
- An exact figure of proposed water savings that takes into account savings already achieving.
- Greater involvement of community representations and lack of Government to determine a balanced approach to the competing needs.

- Continuation of investment into infrastructure improvements to achieve water savings and water efficiencies through on farm infrastructure upgrades.
- A structured approach to any water buy-backs that does not result in stranded assets.
- Preparation of a detailed plan as to how Environmental water will be used for consideration by all parties during the next phase, that details not only how, where and when the water will be used but also is centred on driving efficiency together with plans for engineering and infrastructure solutions to use less water efficiently.
- Improve the technical data relating to water savings through updated data.
- Engage in more effective consultation with Murray Darling Basin, communities with a view to incorporating more local knowledge in progressing the issues relating to the plan.
- In conjunction with Local Government develop details of any proposed financial support packages for individuals and communities impacted by the permanent loss of water.
- No further work undertaken by the Murray Darling Basin Authority until the conclusion of the Inquiry by the House Standing Committee on Regional Australia.