



Murray Group of Concerned Communities – Submission to the Senate Standing Committee on Rural Affairs and Transport

Inquiry in the Management of the Murray Darling Basin

Contact Bruce Simpson
Chair – Murray Group of Concerned Communities

The MGCC represents the Central Murray region of 31,300 people who are passionate about living and working in these regional and rural communities. The Central Murray communities have already given 17 per cent of water entitlements to the environment.

Supported by: Berrigan & District Development Association, Berrigan Shire Council, Berriquin Landholders Association, Bullatale Creek Trust, Conargo Shire Council, Deniboota Landholders Association, Deniliquin Shire Council, Deniliquin Pastoral Times, Denimein Landholders Association, Jerilderie Shire Council, Moira Private Irrigation Scheme, Murray Catchment Management Authority, Murray Irrigation Limited, Murray Shire Council, Murray Valley Community Action Group, Murray Valley Private Diverters, Murrumbidgee Private Irrigators, Peppin Planners, RAMROC, Ricegrowers' Association of Australia, Southern Riverina Irrigators, Sunrice, Wakool Action Group, Wakool Rivers Association, Wakool Landholders Association, Wakool Shire Council, West Berriquin Landholders Association, West Corugan Private Irrigation

Introduction

The Murray Group of Concerned Communities encompasses the communities within the Deniliquin, Conargo, Jerilderie, Wakool, Murray and Berrigan shires, and endeavours to represent these communities encompassed by its 28 supporting groups.

Request to Address the Committee

The MGCC requests the opportunity to address the Committee to support the evidence provided in this Submission.

Overview

“While the Authority has an important part to play, it is neither empowered nor equipped to undertake the entire complex task.”

Mike Taylor, Chair MDBA

“This was clearly an impossible task given to the Authority, because they were somehow supposed to just use science but also somehow relieve political leaders of their responsibilities to make this choice. That is a political issue ... You cannot tell a technical agency to optimise both [environment and economy] because there are trade-offs between them.”

Professor John Briscoe, Harvard University, World Bank Senior Water Advisor,
International Advisor to the MDBA

The Murray Group of Concerned Communities is pleased to have the opportunity to provide a submission to the Rural Affairs and Transport Committee’s inquiry into the management of the Murray Darling Basin.

It is the opinion of the MGCC that the proposed Basin Plan has followed a very convoluted path of public process and there are many deficiencies in the proposed Basin Plan that the MGCC will highlight in this submission.

From the outset, the MGCC rejects the proposed Basin Plan, due to the undoubtedly detrimental effect it would have on rural communities throughout the Basin, particularly the NSW Central Murray region, which is heavily dependent on the irrigation industry as an economic base.

It is beyond the comprehension of the MGCC how an organization could progress through to the stages of planning the MDBA have reached, without having created a clear set of objectives and aims, and how this relates to its proposed outcomes of returning 3,000 – 4,000 GL to the environment.

The secrecy and lack of transparency that shrouds the MDBA is particularly disturbing for Basin communities, which have been trying without success, to become involved in the Basin Plan process.

Basin communities understand and support policy reform – if a healthier environment can be created there are immense benefits for the communities that depend on the river as an economic base.

However, the MGCC does not believe that any sustainable reform can come without sacrifices from all parties, this includes social, economic and environmental aspects; there must be trade-offs for all

three. In contrast to the proposed Basin Plan, the MGCC believes that a healthy environment can only emerge from strong regional communities and farming sector.

The MGCC rejects the “just add water” approach of the Federal Government Water for the Future scheme and the MDBA; strong and secure communities will not come from this strategy, but will emerge from a more holistic approach to environmental issues and the use of innovative and visionary investment to secure future food production and the environment.

As quoted above, the recent comment by the outgoing chair of the MDBA, Mike Taylor, highlights the need for strong Government action to change the focus of the reform process. Further, Mr Taylor stated that

“... a successful Plan would require both Commonwealth and States to work together on a comprehensive range of policy, planning and implementation issues in consultation with relevant community, industry and environmental groups.”

The MGCC believes that Mr Taylor’s comments support the claims made by rural communities that the proposed Plan is beyond the boundaries of a scientific recommendation.

As such the MGCC believes that the Senate Committee must advise the Parliament in its findings that:

1. The *Water Act 2007* does not allow for the delivery of the triple bottom line outcomes espoused in the National Water Initiative;
2. That the “best available science” used by the MDBA of a medium confidence level, which is described by the Authority as

“... knowledge and data available from a range of sources but may not have been subject to formal peer review. A relatively lower level of confidence for this category.”¹

Due to this, the recommendations formed by the MDBA should only form part of the decision making process – an issue with ramifications of this magnitude should not rely on “lower level confidence” science and data. Ultimately, the MGCC believes that the decision should be made by Government in consultation with Stakeholders

3. Alternatives measures to secure water for the environment must be explored; environmental works and measures, infrastructure upgrades and on-farm efficiency programs need to be given the support that they have lacked over the past years, as water buybacks have taken precedence.

Further, water buybacks need to be undertaken in a more targeted manner, to prevent negative impacts on communities dependent on the supply of irrigation water. The threat of a “Swiss-cheese” affect throughout farming communities is of very real concern and is currently occurring through the Federal Government scheme.

¹ MDBA, Guide to the Proposed Basin Plan, Overview, p. 38

The Management of the Murray Darling Basin

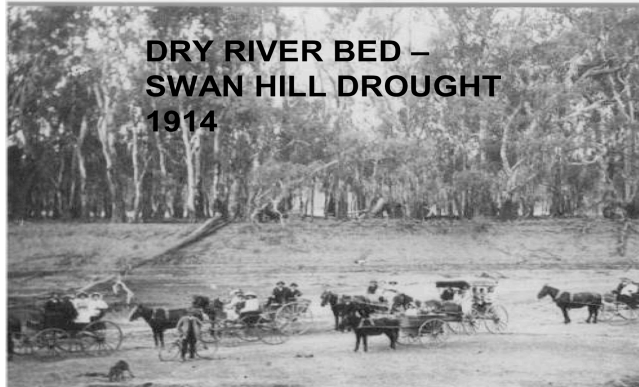
Terms of Reference

The management of the Murray-Darling Basin, and the development and implementation of the Basin Plan, with particular reference to:

- a) the implications for agriculture and food production and the environment;
- b) the social and economic impacts of changes proposed in the Basin;
- c) the impact on sustainable productivity and on the viability of the Basin;
- 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;
- 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;
- f) the opportunities for producing more food by using less water with smarter farming and plant technology;
- g) the national implications of foreign ownership, including:
 - i. corporate and sovereign takeover of agriculture land and water, and
 - ii. water speculators;
- h) means to achieve sustainable diversion limits in a way that recognises production efficiency;
- i) options for all water savings including use of alternative basins; and
- j) any other related matters.

Historic considerations

Australia landscapes are highly variable systems and have historically experienced wet and dry cycles; these cycles can be short term or long term. This occurs right across our vast continent and has occurred both historically and in the contemporary context.



Murray River, Swan Hill, 2006

The Murray Darling Basin has been subject to a ten-year extensive drought in this decade, of similar magnitude, to the Federation Drought of 1895-1903 and the extensive drought in the period, mid 1930's – mid 1940's.

The current drought therefore must be put into historical perspective. When the explorers first set eyes on the Murray River it was a series of salty pools and early explorers were unable to locate the end of the Murray, due to shifting sand dunes.²

There is ample photographic and literature evidence that historic drought events in the Murray Darling Basin are a normal and regular feature, of Australian weather cycles.

As such, it is extremely difficult to quantify river health at any one point in time. The significant reliance of the MDBA on the Sustainable Rivers Audit as a reference point for the health of the Basin is indicative of this point. The audit was undertaken during the middle of the drought period, between 2004 and 2007, with the results, unsurprisingly showing that the river was not in good health.

While there are some concerns with water use throughout the Basin, it is important for the Committee to note that the problems with the health of the Murray Darling Basin environment, stems predominately from the drought, which has only just ended in recent months. The MGCC would like to reiterate the dramatic change in the Murray Darling Basin environment in the past few months, with incredible numbers of wildlife returning to the areas – scientists remain unable to explain how the wildlife, particularly birds, knew that the significant rain event would be occurring.³

It has been argued that the Murray Darling Basin and in particular the health of the Murray River, should be determined at the bottom of the system, notably the Murray Mouth, Lower Lakes and

² Tolley, J. C., (1982), *South Coast Story: a history of Goolwa, Port Elliot, Middleton and the Murray Mouth*, Port Elliot, South Australia: District Council of Port Elliot

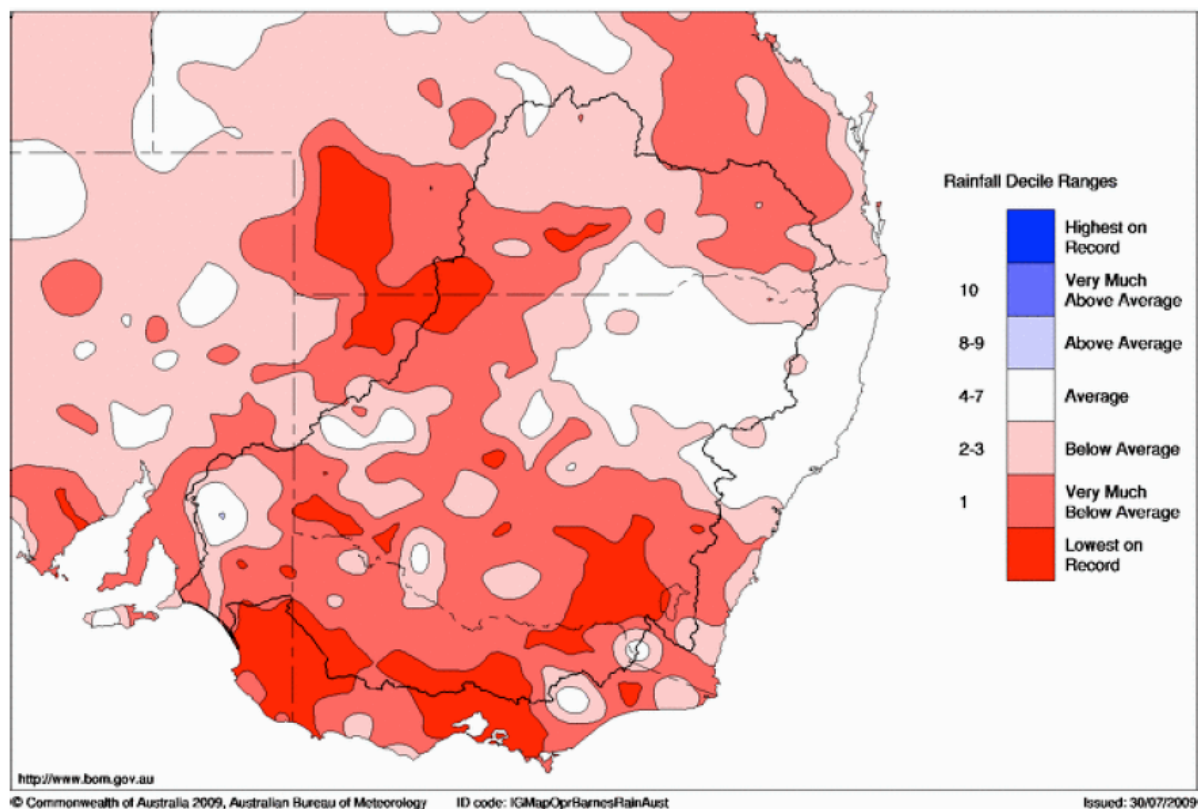
³ Landline, ABC, September episode

Coorong. This however, ignores the complexities of determining, environmental river health, for the whole 2,225 km of the Murray River Channel and the Darling River systems, by the measuring the health of the system at only one point.

Prolonged drought in the Murray System has been severe with storage inflows at historic lows. Many creeks and river systems dried up completely or were reduced to stagnant pools. The environmental impact of this drought was extensive and harsh in the Murray system. The cause was not due to 'over allocation' or poor water management. The recent drought has proved beyond, state water sharing plans and physical storage capacities. Many communities across the basin were either without water supplies or subject to critical shortages. It is incorrect to presume that 'upstream states' were 'sucking the system dry' due to 'over allocation'.

Policy that bases itself on the notion of over-extraction upstream of the Lower Lakes relies on a biased opinion of the ill health of the Murray River. As the figure below illustrates, rainfall across the Basin has been significantly below average for many years, which has impacted on the environments across the Basin.

Murray Darling Basin Rainfall Deciles: 2001 – 2009



This current and extensive drought has brought many hardships to the Murray Darling Basin communities and industries.

The chart below illustrates the water allocations for each season for the NSW Central Murray General Security users, which comprise more than 85 per cent of water users. The lack of water in the community has had severe impacts on the regions economy, with many businesses in the region accumulating significant debt levels to maintain their business operations throughout the drought period.

End of Season irrigation allocations (% of entitlements)

Water Product	06/07	07/08	08/09	09/10
NSW Murray General security	0	0	9	27

Source - MDBA

This background information is highlighted to outline the impact of drought on the Murray Darling Basin and on water allocation to irrigators, particularly in the NSW Central Murray region.

Community Background

In a report to the MDBA prepared by banking consultant, Adrian Rizza, Deniliquin was one of the towns identified as being severely impacted by the proposed Basin Plan and would “struggle[e] to remain viable in the absence of sufficient irrigation water.”⁴

As the centre of the NSW Central Murray region, the negative effects of the Basin Plan are indicative of the impacts of the smaller surrounding towns of Barham, Wakool, Moulamien, Mathoura, Conargo, Finley, Tocomwal, Berrigan and Jerilderie and the impact on the Deniliquin economy would further impact these smaller surrounding towns in regards to flow on business impacts, and also in regards to health and educational services.

A recent RAMROC report identifies that for every 10 per cent reduction in water availability in its representative region, the value of agricultural production declines by \$220 million and direct employment declines by 4,700.⁵

Under environmental initiatives such as the Living Murray and Water for the Future, the NSW Central Murray region, 17.5 per cent of water entitlements have been sold by water holders, to these environmental programs.

This is a significant amount of water that has been removed from productive use and the MDBA recommendations of cuts of 26 – 36 per cent, is an additional cut to the 17.5 per cent.

The MDBA percentage figures are also misleading in representing the amount of water that may be lost by irrigators, as it is expressed in megalitres, not the cap equivalent figure, which is 0.8 per cent – essentially this means that for every megalitre of water that is returned to the environment, 1.2 ML are taken from irrigators.

In total the amount of productive irrigation water that could be taken from the NSW Central Murray region, will be between 41 – 51 per cent, if the figures from the proposed Basin Plan are used.

To put the importance of the irrigation community in perspective the Marsden Jacobs Associates report used to outline the community profiles for the MDB in Appendix C of Volume 2 of the Guide, found that for the NSW Central Murray Region:

⁴ Adrian Rizza, The Potential Effects of Changes to Water Allocation Policy on Financing the Agricultural Sector and Businesses in the Murray Darling Basin, October 2010, p. 6

⁵ RAMROC, ‘The true economic value of food production in RAMROC regions’

... irrigated agriculture is the major economic driver in the region, [and that] a reduction in the long term water availability of greater than 20% will result in many farm businesses becoming unviable with direct flow on impacts occurring at a community level.⁶

As 17.5 per cent of water has already left the region, it would not be an understatement to say that this would completely devastate the communities represented by the MGCC as the proposed Plan would remove up to half of the resource base of a \$400 million irrigation industry, which is the basis for 90 per cent of businesses in the region.⁷

Recovering water for the environment in the Murray Darling Basin, without appropriate planning, will have profound economic and social impacts on regional communities in the NSW Central Murray region.

National Water Initiative and the *Water Act 2007*

There has been a significant conflict in the legal advice received by the Gillard Government and the MDBA.

Minister Burke has made it clear that he believes that the advice he has received from the Australian Government Solicitor allows for the consideration of triple bottom line outcome, while the MDBA remain adamant that their legal advice outlines that only environmental aspects can be addressed under the Water Act.

In order to fully assess the management of the Murray Darling Basin, the MGCC recommends that the Committee view the advice given to the MDBA and seek its only legal advice in conjunction with this, in order for the Committee to make its own conclusive recommendations to the Parliament in relation to the parameters of the *Water Act* and the ability of the MDBA to include social and economic considerations.

The National Water Initiative, which was formed in agreement by all Basin States in 2004, has been the driver of water reform in the Murray Darling Basin and the MGCC supports the NWI and its commitment to a “triple bottom line”.

The NWI has clearly laid out that a triple bottom line outcome was to be sought through the objective that “optimises social, economic and environmental outcomes”.⁸

The NWI outlined that this would be achieved by the weighting of competing objectives equally:

Decisions about water management involve balancing sets of economic, environmental and other interests.⁹

The NWI outlines this further, stating that there was a continuing imperative to “increase the productivity and efficiency of Australia’s water use, the need to service rural and urban communities,

⁶ Murray Darling Basin Authority, *Guide to the proposed Basin Plan*, Volume 2, Part III, pg. 964-6

⁷ Murray Darling Basin Authority, *Guide to the proposed Basin Plan*, Volume 2, Part III, pg. 966; Murray Irrigation Limited, 2010 Annual Report

⁸ National Water Initiative, paragraph 2

⁹ National Water Initiative, paragraph 23

and to ensure the health of river and groundwater systems...”¹⁰ and that “...settling the trade-offs between competing outcomes for water systems will involve judgements informed by the best available science, socio-economic analysis and community input...”¹¹

The essence of the NWI has not been embedded into the *Water Act* 2007; the trade-off of competing interests outlined in the intergovernmental agreement, is not possible, or able to be contemplated, under the *Water Act* or the Guide.

Repeated comments by the MDBA Chairman Mike Taylor and CEO Rob Freeman in public consultation meetings indicate that they have been constrained by the intent of the *Water Act*, and have been unable to produce a Plan, in accordance with the NWI.

Questioning by the NSWIC of the MDBA Chair and CEO supports the allegation that a Basin Plan focused solely on one aspect is not compliant with the NWI.¹²

Further, merely considering the social and economic impacts of the proposed Basin Plan does not adequately address the wide reaching and severe impacts that the Plan will have on Basin communities. Treating these issues as an afterthought has served to undermine the confidence and prosperity of rural and regional economies and communities.

The MGCC believes that in order to deliver a Plan that is able to incorporate a triple-bottom line outcome, it is necessary for the Act to be amended.

Further, the MGCC believes that it is the responsibility of this Senate Committee to consider the Water Act in its inquiry and make strong recommendations to the Parliament in favour of amending the Act to include the triple-bottom line outcome compliant with the NWI.

An additional concern regarding the Water Act is the reliance on end-of-system flows as a panacea for the perceived environmental problems; the Act precludes the Basin Plan from dealing with “land use or planning, management of natural resources other than water and control of pollution.”¹³

This focus dismisses decades of environmental management undertaken by rural communities that has used a holistic approach to achieve very successful outcomes in the areas of salinity management, land use, riparian vegetation, noxious weeds and invasive species, measures which have benefited the environment and river systems.

The MGCC believes that the best outcomes for rural communities will emerge from a more integrated approach to river health and the more productive use of water, across the board, through various environmental water saving projects, infrastructure upgrades and on-farm efficiency projects, in conjunction with a holistic environmental strategy.

¹⁰ Intergovernmental Agreement on a National Water Initiative, para 5

¹¹ Intergovernmental Agreement on a National Water Initiative, para 36

¹² NSWIC Submission to the Murray Darling Basin Authority, pg. 3

¹³ *Water Act 2007*, Section 22 (10)

Responses to the Terms of Reference

- a. the implications for agriculture and the environment;
- b. the social and economic impacts of the changes proposed in the Basin;
- c. the impact on sustainable productivity and on the viability of the Basin.

Social and Economic Impacts

The NSW Central Murray Community is heavily reliant on irrigated agriculture as an economic base, with the Marsden Jacobs Associates report finding that 90% of businesses were reliant on irrigated agriculture and clearly outlines that:

... irrigated agriculture is the major economic driver in the region, [and that] a reduction in the long term water availability of greater than 20% will result in many farm businesses becoming unviable with direct flow on impacts occurring at a community level.¹⁴

These findings are supported by a report released by Judith Stubbs and Associates in August 2010, which confirmed the fears rural communities have held about the proposed Basin Plan.

The report estimated that a 25 per cent cut in water availability for productive use across the MDB would cost 14,000 jobs and the national economy \$1.4 billion annually, while a 50 per cent cut would cost 28,00 jobs and \$2.7 billion annually.¹⁵

There are two points of note to consider with these figures; firstly, the projected job losses and impacts on the national economy are considered conservative and secondly, it is worth reiterating that the lower range of the proposed Basin Plan is 27 per cent.

The JSA report also calculated possible employment impacts, concluding:

Averaged across the eight case study areas, a 50% reduction in water availability predicted job losses of around 9.0%; and a 10% reduction in water availability predicted job losses of around 2.0%. Impacts are quite variable, reflecting the degree to which a community is dependent on irrigated agriculture, with job losses as high as 18.9% predicted in some areas from a 50% reduction in water availability. These estimates are probably low for regional centres, as jobs in such areas are likely to reflect a wider area, outside the scale of our modelling.¹⁶

These figures will also have a huge impact at the local level on the small communities in the NSW Murray Region, the small population of the region cannot sustain the expected impacts of the Basin Plan, particularly following a severe drought and the closure of other industries in recent years, particularly the timber industry.

MDBA Response to the Social and Economic Impacts

The MDBA is, and has been, aware of the impacts of the proposed Basin Plan on irrigation communities. The Marsden Jacob Associates report in particular highlights and explicitly outlines the

¹⁴ Murray Darling Basin Authority, Guide to the proposed Basin Plan, Volume 2, Part III, pg. 964-6

¹⁵ Judith Stubbs and Associates, Report 4 – Exploring the Relationship Between Community Resilience & Irrigated Agriculture in the MDB: Social and Economic Impacts of Reduced Irrigation Water, August 2010, p. 18

¹⁶ Ibid

impacts of the Plan on the NSW Central Murray region. Yet reports such as this have been ignored, in favour of the more expedient MDBA commissioned ABARE report, which reported negligible impacts on the Basin economy and jobs, and is based on conditions that are not realistic.

The economic impact data provided in the Guide to the proposed Basin Plan is, in the submission the MGCC, evidence of a misrepresentation of the community impact that will result from the proposed Basin Plan and is indicative of the negligent attitude of the MDBA towards rural and regional communities and shows a lack of any consideration of the social and economic concerns in regards to this issue.

The Guide to the proposed Basin Plan clearly states that lost employment from the reductions proposed will be limited to 800 jobs and productivity to \$800m.

However, both the MDBA Chair and CEO distanced themselves from these figures within days of the release of the Guide, revising job losses upwards to 3,000, supporting concerns of the lack of importance and consideration placed on socio-economic concerns by the MDBA.

Further, for any socio-economic study to give a more accurate picture of the effects of the proposed Basin Plan, it would be a requisite of the study, to look extensively at the micro-level of the Basin, and undertake case studies of the impacts on rural communities across the Basin; this was not done by the ABARE report which is premised on flawed assumptions.

In an examination of this report, NSW Irrigators Council notes the following:

- The results are based on a 20 year simulation;
- The 20 year simulation provides analysis of end point impact, which clearly shows that the MDBA *did not* take into account short or medium term impacts or the proposals contained within the guide;
- The simulation assumes full employment economy wide across the full two decades of the data analysis, a situation which has *never occurred* across any economy in recorded history;
- The simulation assumes a frictionless scenario for labour or, in simple terms, assumes that individuals cast into unemployment in the Basin are prepared to immediately move elsewhere despite having significant equity (their house) in the Basin;
- The use of Gross Value of Irrigated Agricultural Production (GVIAP), an experimental dataset, is used to suggest bottom line impacts. This is an entirely misleading and inaccurate use of the dataset, as it *does not calculate profitability*. Further analysis on this point is provided below;
- The year-on-year analysis of GVIAP against water allocations, aside from the incorrect interpretation of GVIAP as a measure of profitability or economic sustainability, is statistically invalid. Both GVIAP and profitability are driven by a wide range of variables, of which water availability is but one. The economic analysis in the Guide fails to consider other inputs (fertiliser, labour, cost of capital and so on) and other market factors (exchange rates, commodity prices and so on); and

- The Guide suggests that irrigated agriculture adjusts due to water shortages such that productivity decline is small. Those very same figures fail to take into account the basic economic certainty of inflation, rendering them utterly useless.¹⁷

The MDBA has been aware of the significant impacts of the Basin Plan on rural communities and a failure to make recommendations to the Government to allow the MDBA to construct a Plan that is able to consider these dire implications is reprehensible and as such, the continuation of the MDBA as a driver for changes to water use in the MDB, is the ultimate concern to the MGCC.

The MGCC believes that it is imperative that the Committee exposes the flaws inherent in the socio-economic study used by the MDBA, to create a more balanced approach and gain more indicative outcomes to the social and economic impacts of the Basin Plan.

Impact on agriculture and food production

The Murray Darling Basin produces 40 per cent of Australia's food and fibre, with approximately one third coming from irrigation. In areas such as the NSW Central Murray, this figure is much higher.

While there are many variables in farm production – weather, commodities price, exchange rates – the removal of the water as a key agricultural input, will have significant and real impacts on food production in Australia and the availability of fresh, safe food in this country.

Impact on the environment, sustainable production and the viability of the Basin

The MGCC would firstly like to reiterate that many of the problems that the proposed Plan is aiming to “fix” are a result of the past decade of drought.

Secondly, the MGCC believes that there has been insufficient time to assess the extent and impacts of the significant water reforms that have occurred in the past five years, to increase the water available to the environment, for example The Living Murray and Water for the Future. As yet, there has been no information to suggest that these initial programs will be insufficient to maintain future sustainability of the environment.

Significant confusion has emerged since the release of the Guide as to which environmental acquisitions already undertaken are to be used as offsets and which are not. This appears to particularly be the case with State-held environmental watering entitlements.

The MGCC submits that a simple table of all identifiable environmental holdings – State, Commonwealth or Private – as part of the Guide together with an understanding of whether they are accounted for as offsets or not must be provided.

The Murray Darling Basin is a highly variable system, and establishing environmental flows for anyone point in time is a contentious task, given the remarkable turn around experienced by the environment over the past few months the natural watering event that has occurred with the drought breaking rains, which has been done by nature and not economic interventions.

¹⁷ NSW Irrigators Council, Submission to the Murray Darling Basin Authority: Guide to the proposed Basin Plan

Summary

There is significant understanding by the MDBA of the impacts of the proposed Plan on food production and rural communities. However, for the MDBA to possess this knowledge and do nothing seems particularly callous.

It is the view of the MGCC that while the amount of water required for the environment may be found using other non-buyback methods, the proposed cuts to diversions are too high and will be devastating to rural communities. Most significantly, the suggestions in this Plan will effectively close down a third of the production in the Murray Darling Basin; such an aim would not be tolerated by any other business sector, and the MGCC believes that it should not be tolerated as a necessary outcome for the agricultural industry.

- 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;

The MGCC would like the Committee to acknowledge the vast improvements in production that are implemented by farming businesses and rural communities.

The irrigation industry has been subject to an increasing necessity to become more efficient, due to less water resources available, particularly over the past 15 years.

More importantly, government should not be pushing policy reform that results in the destruction of an industry and of livelihoods. It is imperative that the Committee gives rise to a change in focus of Government policy to change from being narrowly focused to a more visionary pursuit of sustainable and efficient industries.

The MGCC holds considerable concern in regards to national reconfiguration of an industry from the outset; given the significant concerns regarding the scientific basis of the reconfiguration, the MGCC does not believe that the government should be involved in proposing such drastic changes and interfering with the market. The Government should not be seeking recommendations to shut down an industry, but rather, be seeking information and advice about how to support an industry in adapting to 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;
- f. The opportunities for producing more food by using less water with smarter farming and plant technology;

On-farm efficiencies

As noted above, rural and farming communities have made significant changes to their practices to ensure the viability of their farming operations and the efficient use of natural resources. Gaining further significant efficiencies for many businesses will be difficult due to the efficiencies already implemented. Rural communities have made significant progress in become more sustainable, but require the support of government to make large scale, innovative changes to allow for them to continue to provide a sustainable economic foundation for their communities.

Irrigation infrastructure upgrades and environmental works and measures

Despite the \$5.8 billion for alternative means of saving water through infrastructure upgrades and environmental works, very little of the money committed has actually been spent, with the focus of the Rudd and Gillard governments having been predominantly on the water buyback scheme.

Further, the MGCC notes with disappointment that the MDBA has, in no meaningful way, addressed alternative means of procuring water for the environment.

The building of irrigation systems across the country was historically encouraged under the nation building efforts of previous governments; irrigation farming and communities have been actively encouraged to expand, up until the 1990s. Now however, irrigation communities find themselves subject to demonization by the wider population, with government seeking to reduce irrigation area without adequate consideration of the social and economic consequences and in context to the rapidly growing global demand for food.

As such, the MGCC believes that the onus for the upgrade of infrastructure and the investment in environmental efficiencies should rest with Government, rather than using money solely in the current buyback scheme, as outlined above, the Government needs to make a clear commitment to be innovative in the area of water management, to allow for investment in irrigation infrastructure, following many years of neglect.

It is necessary that the government further examine the alternative options available to return water to the environment, which could cover a significant part of the reduction to the sustainable diversion limit.

Infrastructure upgrades, environmental efficiencies, on-farm efficiencies, and other alternatives to the water buyback system, offer a more sustainable way of returning water to the environment, by “finding” water in river systems that is currently not being used efficiently.

The MGCC reiterates its belief that the government needs to have a vision for the MDB in respect to this – solutions need to go beyond the farmer, to address all water users in the MDB system.

The MGCC is aware that both the Victorian and NSW Governments are pursuing numerous means of reducing the amount of water that must be taken from productive use to meet the cuts to the SDL.

The MGCC promotes this as a better investment of taxpayer resources for a sustainable future; further, finding alternatives to provide the recommended needs for the environment would serve to mitigate negative social and economic impacts.

- g. national implications of foreign ownership, including:
 - iii. corporate and sovereign takeover of agriculture land and water, and
 - iv. water speculators;

The MGCC does not oppose foreign ownership in principle; however, the MGCC would like to raise three points for consideration for the Committee.

Firstly, it is important to be aware of foreign ownership of key industries; the MGCC believes that agriculture and natural resources should be an industry that is given special monitoring and consideration. This is particularly important in respect to the issue of water speculation and also to prevent market control be gained by any party/parties, to prevent price manipulation.

Secondly, the increasing numbers of corporate timber plantations, particularly for carbon capture, and on farm dams, which are considered forms of “take” from the Basin environment.

In the proposed Guide, these interceptions are considered take, but only cuts to water course diversions can be used to meet the SDL requirements.

While this is an area for state regulation, the MGCC suggests that this is an area that the Committee would be able to investigate further due to the inconsistency of these interception issues in the proposed Basin Plan, as despite the dramatic increase of both plantations and farm dams in the recent decade, the brunt of there impacts on reduced allocation is being asked to be borne predominately by irrigators.

Thirdly, the MGCC rejects any government policy that specifically causes an unnatural market progression towards corporate and foreign takeover of agricultural business and in the water market, which the MGCC believes the Basin Plan will cause.

h. means to achieve sustainable diversion limits in a way that recognises production efficiency;

In this line of thinking the MGCC rejects the assertion by Government and other groups that the irrigation communities in the MDB are grossly over-allocated with water resources.

The MGCC believes that the proposed Basin Plan, in no way recognises the efficiencies made by irrigators or the environmental management undertaken by landholders.

The MGCC supports the notion that the SDL cuts need to include all water savings and purchases made to date in the water recommended to the environment, in order to assess the success of these initiatives before further recommendations are made, or implemented.

The MGCC recommends that the Committee make evaluations of the water recovered for the environment to date, and examine the expected impact that this water is currently having on the river system in terms of environmental benefits and impact on regional communities and irrigation businesses.

i. options for all water savings including use of alternative basins;

The MGCC believes that the Governments should pursue all infrastructure, environmental and on-farm efficiencies to explore all possible water savings.

However, the Murray Darling Basin, particularly the NSW Central Murray region, represents a highly water and energy efficient food basin, with significant irrigation infrastructure and investment. The MGCC recommends that this Basin continue to be promoted in Government policy as the major food-producing Basin in Australia. Historical Government policy selected this MDB for the suitability of the climate, soil and proximity to catchments, for food production.

The MGCC supports the notion of further Government investment in agriculture, but supports the exploration of other Food Bowls as a separate initiative, independent of the MDB and the proposed Basin Plan; these initiatives should not threaten the viability of MDB food production and communities due to preferential Government investment.

- j. any other related matters.

The MGCC would like raise three further issue to those outlined in the Committee’s term of reference:

1. *Water Act 2007*
2. Stakeholder Engagement
3. “Best available science”

Water Act 2007

The MGCC refers to the extensive comments made above to outline its concerns regarding the *Water Act* and the constraints of the Act in delivering a balanced outcome, in line with the triple-bottom-line outcome supported by the NWI.

The MGCC believes that it is imperative that the intent of the Act, as it currently stands, is understood and addressed by Government, in order to deliver the best outcome for rural communities.

It is the submission of the MGCC that the Act must be amended to allow for an outcome that addresses environmental, social and economic concerns equally.

Stakeholder Engagement

Firstly, the MGCC recommends that for a workable solution to be found, the MDBA and Government, must work extensively, and in a meaningful way, with local stakeholder groups, irrigation and farm bodies, and local councils to increase the “local knowledge” content of Basin Plan, in order acknowledge and employ the plethora of knowledge and understanding that exists in local communities about the environmental needs of the river systems and wetlands.

“Best available science”

The MGCC would also like to outline concerns with the “best available science” used by the MDBA as a basis for the proposed Plan, which the MGCC believes to be very flawed.

The MGCC notes the following issues with the Proposed Basin Plan science and the outcomes of this science:

Quality of the science

A decision of this magnitude should be left to “science”, particularly in this case where the best available in given so little confidence by the MDBA. The MDBA has outlined that ‘most of the evidence available falls into the medium confidence category,’ which is described as being –

... knowledge and data available from a range of sources but may not have been subject to formal peer review. A relatively lower level of confidence for this category.¹⁸

The dependence of the MDBA on data that has a “lower level of confidence” is an unacceptable starting point for an issue that demonstrates the ability to have such devastating impacts

¹⁸ MDBA, Guide to the Proposed Basin Plan, Overview, p. 38

The MDBA have constantly noted during the public consultation meetings that there is “more work to do” in regards to the science and that they are “aware of the limitations” their work, yet the MDBA has released a prelude to the Basin Plan, without a full understanding of the science of the river system. The MGCC and rural communities have no faith in the ability of the MDBA to deliver a good scientific outcome in regards to the health of the river and certainly not in respect to a sustainable future for rural communities.

Further, much of the data that the MDBA is reliant on has come from this period of significant drought. As outlined above, the MGCC would like the Committee to acknowledge the significance of this event and the undoubtedly negative impact that this natural drought has had on the MDB environment.

Environmental Watering Requirements

The MGCC is extremely concerned about the levels of water required to meet the requirements of the proposed Basin Plan.

Firstly, the Guide states that “recommended flow regimes and inundation requirements within existing literature are often inconsistent with the modeled without development flow data (this is not uncommon).”¹⁹

This assessment, while unsettling is not surprising, the proposed flows have not yet been achieved during this period of very high rainfall,²⁰ despite rainfall being well above average. The MDBA cannot propose an environmental watering regime that requires such extreme amounts of water.

Further, the proposed flows do not adequately account for the parameters of the river system; flows through the Murray system depend heavily on passage through the Barmah-Millewa Choke, which has a capacity of 8,500 ML day.

The MDBA has been aware of these flood risks, which it outlined in a briefing note drafted for the October supplementary budget estimates, stating that the “risk of increased flooding to urban areas is considered low, but the risk posed to rural land is more significant”.²¹

The MGCC notes the irony in the situation, whereby farmers are being threatened by flooding with water that has been taken from productive irrigation use, due to lack of environmental water.

The MGCC recommends that the Committee investigate the significant third party impacts and environmental damage that a policy such as this could inflict if implemented, not to mention the financial burden on taxpayers’ resources.

End-of-system flows

¹⁹ MDBA, Guide to the Proposed Basin Plan, Volume 2, Appendix B, p. 661

²⁰ <http://riverdata.mdba.gov.au>

²¹ The Weekend Australian, Murray-Darling Authority flagged rising flood risk, <http://www.theaustralian.com.au/news/nation/murray-darling-authority-flagged-rising-flood-risk/story-e6frg6nf-1225972992130>, accessed December 20th, 2010

The proposed Plan has prescribed increased outflows solely as a measure of river health. At a recent MDBA community meeting in Melbourne, MDBA CEO Rob Freeman defined a healthy environment as a system with 80 per cent outflows.²²

The MGCC believes that the MDBA has failed to justify the necessity or scientific imperative for these flows, beyond the need for salt discharge. Further, when questioned about the end-of-system flows as an indicator of river health, at the November MDBA Technical Briefing session, MDBA Staff replied, “we looked at all the options and that’s the one we thought was the best.”

The MGCC sees the reliance of the MDBA on end-of-system flows as a panacea for the issues regarding river health and the dependence on flows excludes the notion of holistic environmental health, which is dependent on good land and water management practices, that have been championed by rural communities for many years, particularly under the Land and Water Management Programs (LWMP). The LWMP has been very successful in the management of water table levels, salinity issues and ecosystem protection, which has been carried out through grassroots community initiative, rather than Government directives.

Current Diversion Limits

There have been significant differences, across the Basin regarding the MDBAs reporting of CDLs, and the commonly accepted levels of CDLs in individual catchment areas.

The MDBA needs to be clear in it’s understanding and reporting of catchment figures.

Conclusion

The MGCC does not believe that the proposed Basin Plan delivers a Plan, which is compliant with the requirements of the National Water Initiative. While this is also an outcome of the *Water Act 2007*, the MGCC highlights that the MDBA has done nothing to address this issue.

Further, the MGCC would continue to have concerns with the MDBA process, even if it were compliant with the NWI, due to the concerning lack of reputable scientific data, forming the base of the environmental water requirements.

Essentially the MGCC believes that Murray Darling Basin communities and environments require a “judgement” call from politicians, who appear to be reluctant to make such a commitment. The best outcome for the triple-bottom line aspiration will not emerge for the scientific analysis undertaken by the MDBA, due to the problems and concerns outlined above.

Basin communities need the Committee to recommend the necessity of this reform to the Basin Plan process and subsequently the necessity of amending the Water Act to allow for such environmental, economic and social considerations to meet the NWI triple-bottom line.

END SUBMISSION

²² Melbourne MDBA Consultation Meeting, October 28th, 2010

Appendix 1: Recommendations to the MDBA

The Murray Group of Concerned Communities has been extremely disappointed and frustrated by the process that has surrounded the creation and release of the *Guide to the Proposed Basin Plan*. The lack of meaningful stakeholder involvement throughout the development of the Plan and following its release shows contempt for rural communities and has caused grave concern and anxiety among them.

The MGCC notes the following matters in particular:

1. The complete lack of consideration for the socio-economic impact the proposed plan would have on communities across the basin. The Guide is absolutely dismissive of these impacts and cites the preparedness to sacrifice some of these communities if they were not resilient enough to cope, yet every conceivable wetland at 7660GL is to be saved. Our communities hold this in disdain and disbelief that we could be treated in such a manner.
2. While constrained by the parameters existent in the *Water Act 2007*, the MDBA have not sought to make any recommendations to the Government or advise changes in relation to the *Act*, to address the lack of equal consideration of social, economic and environmental concerns and therefore a lack of compliance of the *Act* with the National Water Initiative;
3. There is also a seriously insufficient timeframe for response to the proposed Basin Plan. While the MDBA has given an extension to the deadline for submissions, the implications of the Guide need to be given considerable thought and the deadline for submissions of December 17th, 2010 does not allow for this to happen;
4. Inadequate and inappropriate socio-economic data has been used giving a false understanding of the full impacts of the proposed Basin Plan to the wider community; to date there has been no official apology or any significant attempts to correct the misrepresentation of the effects.
5. Rejection by the MDBA to have stakeholder involvement to assist and advise in the planning of the Draft Basin Plan and management plan for environmental assets, resulting in a lack of inclusion of “local knowledge” in the Basin Plan and hence a failure to understand local environments and adequately assess the community impacts of the *Guide*;
6. A complete lack of transparency of the information and methodology used to make assumptions of environmental needs and the proposed sustainable diversion limits (SDLs);
7. Inadequate understanding of the resources currently allocated to the environment;
8. No Environmental Watering Plan or new Watering Sharing Plan were outlined in the Guide;
9. Lack of recognition of river and channel capacity and the impact of delivering the proposed volumes of water, which may lead to significant third-party impacts, particularly flooding; and
10. Failure to involve stakeholders in planning stakeholder engagement following the release to the *Guide to the Proposed Basin Plan*.

Appendix 2: Comments to the MDBA – Social Considerations

It is the opinion of the MGCC that the Plan lacks a triple bottom line approach and rejects the proposed Basin Plan as unbalanced and detrimental to rural and regional communities.

In the Overview to the *Guide to the proposed Basin Plan*, it states that

... rice growing towns might lose their skilled workers and their families with consequent impacts on critical human population mass, and may struggle to sustain businesses and provide community services. Flow-on effects would be seen in the smaller urban service centres, including reductions in post-farm processing. Some service centres may become more welfare dependent.²³

The example of the rice industry is a significant one in the NSW Central Murray region, which is home to the largest rice mill in the Southern Hemisphere.

This coming rice season, the mill will employ approximately 90 permanent and many more casual staff to process the expected 800,000 tonne crop.

The irrigation company Murray Irrigation Limited that supplies the water to the irrigation farms within the region, employs 100 people to service the irrigation systems and for customer service.

There are also numerous transport and carting services to move the grain from the paddock to processing plant and from the processing plant to food distributors.

Additionally, there are hundreds of small, through to large, businesses, which supply the agronomy needs of farmers' fertilizer and chemical requirements, water and produce trading, financial services, contracting services, machinery sales, repairs and part supplies, just to name a small number of services.

From this, there are the businesses that supply the communities with goods and services – the supermarkets, pharmacies, clothing shops and newsagents.

This population has grown up around the irrigation community and currently supports the regions hospitals, doctors, nurses, dentists, aged and mental care workers, and local schools, which all employ further skilled persons in the region.

The benefits of having this population are not merely professional, the community's social and sporting groups could not continue without it. The effect of the loss of social opportunities in regional areas cannot be overlooked; these sporting and social clubs in rural regions serve an important function in helping rural people address issues such as isolation and mental health problems.

The flow-on effects created by the decrease in farm production will have wide reaching impacts through all these areas of the local economy; eroding the economic base, reducing the population and causing the region to become unsustainable, ultimately destroying the social fabric of rural communities.

²³ Murray Darling Basin Authority, *Guide to the Proposed Basin Plan: Overview*, 2010, p. 93

Taking away the human base of a community will lead not only to a loss of services, but to a loss of community – the football community, the school community, the farming community, all of our communities will cease to exist without people and a strong farming base.