
Peak body for five landholder associations and 1600 irrigators in the Murray Valley

# Submission to the Senate Standing Committee on Rural Affairs and Transport

*Inquiry into the impact of the Management of the Murray Darling Basin*

**December, 2010**

**Introduction**

Southern Riverina Irrigators (SRI) is a representative body of five Landholder Associations located within the Murray Irrigation Region of Southern NSW. The organisations' representation covers an area of 748,000 hectares and 1,600 landholdings.

As a member of National Irrigators Council and NSW Irrigators Council, SRI gives full support to the responses submitted by each body to the Senate Committee on Rural Affairs and Transport. Both of these organisations have provided a more comprehensive, Basin wide analysis on the Guide to the proposed Murray-Darling Basin Plan and the technical text provided by the Authority so far.

However, SRI reserves the right to enter its own submission; this submission seeks to add regionally specific information and as such, should be viewed in its own right.

SRI also recognises the submission entered by Louise Burge, which looks at a number of the issues mentioned in this submission in more detail.

**Request to Address the Committee**

SRI 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 powered nor equipped to undertake the entire complex task."*
>
> Mike Taylor, Chair MDBA

Southern Riverina Irrigators is pleased to have the opportunity to provide a submission to the Rural Affair's and Transport Committee's inquiry into the management of the Murray Darling Basin.

It is the opinion of SRI that the proposed Basin Plan has followed a very perverted path of public process and there are numerous deficiencies in the proposed Basin Plan, which SRI will highlight in this submission.

From the outset, SRI rejects the proposed Basin Plan, due 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 SRI 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.

The lack of transparency the 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, SRI does not believe that any sustainable reform can come without sacrifices from

all parties, this includes social, economic and environmental aspects, and there must be trade-offs for all three.

SRI also rejects the "just add water" approach of the Federal Governments' Water for the Future scheme and the MDBA proposals; 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 the future of food production and the environment.

As quoted above, recent the 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."

SRI 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, SRI 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 – a issue with ramifications of this magnitude should not rely on "lower level confidence science and data. Ultimately, SRI believes that Government should make the decision 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 few years when 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 with the implementation of the Federal Government water buyback 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;

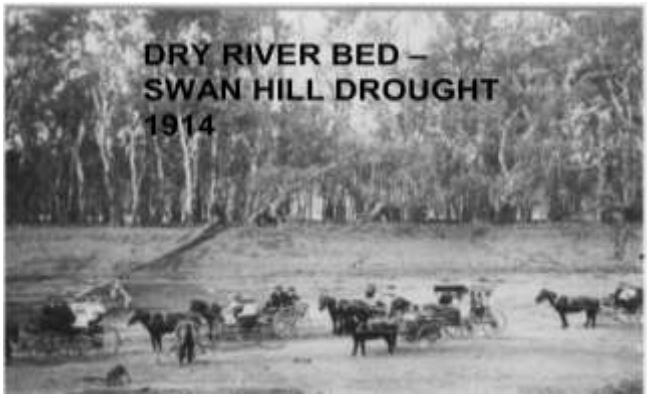
h) means to achieve sustainable diversion limits in a way that recognises production efficiency;

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, stem predominately from the drought, which has only just ended in recent months. SRI 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 been occurring.[3]

It has been argued that the health of 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

[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

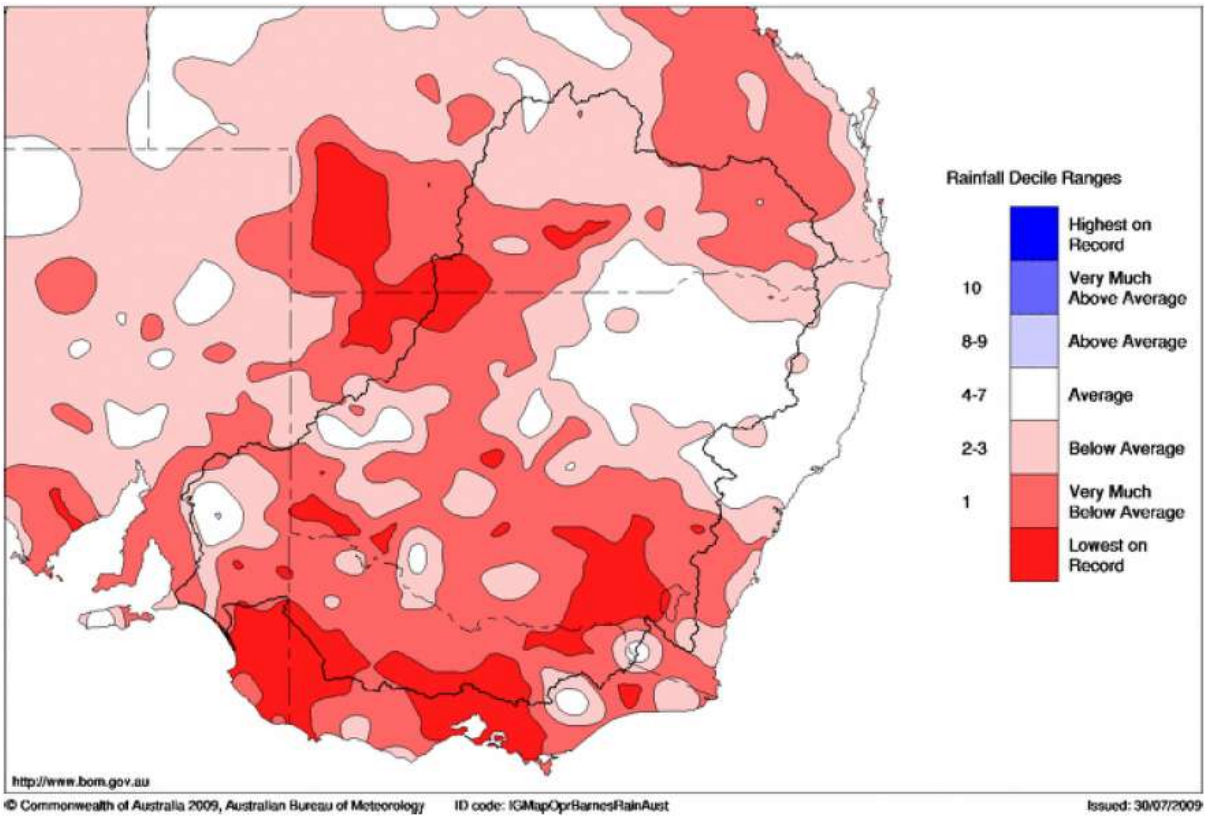
[3] Landline, ABC, September episode

Lakes and 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 below figure 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 bought many hardships to the Murray Darling Basin communities and industries.

The below chart 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 in the region. The lack of water in the community has had severe impacts on the region's 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.

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;

***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, commodity prices, 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.

The NSW Central Murray region is an area that was chosen for its suitability for irrigated agriculture by earlier government policy; its proximity to the catchment areas, soil types and highly efficient irrigation systems, has made it an ideal area for growing annual irrigated crops.

Allocation within the region follows the natural rain cycles, with water allocation dependent on yearly rainfall due to the high percentage of General water entitlement holders in the 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, Tocumwal, 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]

On a broader scale, Judith Stubbs and Associates released a socio-economic study in August, 2010, which also gave results which conflict with MDBA claims, finding that a 25 per cent cut in water entitlement would lead to job losses Basin wide of 14,000 and gorge $1,356 million from the Basin economy.[6]

[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'
[6] 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

To put the importance of the local 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:

> … 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.[7]

As 17.5 per cent of water has already left the region, it would not be an understatement to say that the proposed plan would completely devastate the irrigation communities represented by SRI, 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.[8]

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 RAMROC region.

***Background – 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

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".[9]

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.[10]

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.

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[7] Murray Darling Basin Authority, *Guide to the proposed Basin Plan*, Volume 2, Part III, pg. 964-6
[8] Murray Darling Basin Authority, *Guide to the proposed Basin Plan*, Volume 2, Part III, pg. 966; Murray Irrigation Limited, 2010 Annual Report
[9] National Water Initiative, paragraph 2
[10] Ibid, paragraph 23

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.[11]

While the MDBA commitment is to "consider" social and economic impacts has been noted; "consideration" of these impacts is insufficient and does not address the demands of the NWI and as such the MDBA, in fulfilling its obligations pursuant of the *Act*, will be in breach of the NWI.

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 its recommendations to the Government, the MDBA should outline its concerns with the constraints of the *Water Act 2007*.

Further, the MDBA claim to have used the "best available science", yet acknowledges that much of the science that has formed its evidence base is of "medium confidence" value and has come from Government datasets or publications that have not undergone peer review.[12] The consequences of the proposed Basin Plan will be wide reaching in scope and in time; this is not an issue that can depend on the "best available" as the MDBA defines it.

The reliance of the MDBA on end-of-system flows as a panacea for the perceived environmental problems is of concern; 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.

*Summary*

There was been considerable money promised to regional communities during the 2010 Federal election. SRI welcomes the commitment from the Federal Government to improving the Government services outside metropolitan centres in regards to health, education and transport infrastructure among other areas, an these regions have suffered significant neglect in funding.

The SRI supports the assessment of the NSW Central Murray region, in Appendix II of the Guide that there are incredibly limited options to build new industries to compensate for the significant reductions in irrigation entitlements and no viable large scale options to the community to benefit from increased environmental flows, as the majority of tourism opportunities available have already been exploited.[13]

While there seems to be a political will to undertake the recommended policy changes and compensate for the damage to regional communities with regional restructuring packages, SRI believes that this is not the feasible option that is being promoted by the government. The damage that is already being done to rural communities through the uncertainty and extremity of the proposed cuts is already having severe impacts on investment in regional businesses.

[11] NSWIC Submission to the Murray Darling Basin Authority, pg. 3
[12] *Guide to the Proposed Basin Plan, Volume 1,* MDBA, 8 October 2010, p.38
[13] Murray Darling Basin Authority, *Guide to the proposed Basin Plan*, Volume 2, Part III, pg. 966

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;

In terms of options for under a significantly reduced SDL, the community report in Volume II, based on the Marsden Jacobs Associates report, states that in the NSW Central Murray region,

> [a]ll farms will be financially impacted by a reduction in long-term water availability … [and] there are few significant (if any) economic development opportunities from increased environmental flows that will offset the impacts of irrigated agriculture.[14]

Structural adjustment requires long-term commitment to develop ideas, retrain the population and create the infrastructure and businesses necessary for rural communities to change their economic base. This commitment needs to span the life of the infant industry and not simply the period of allocated government funding to ensure the success of the created industries.

Given that many of the innovations in the State Governments' proposed methods of infrastructure upgrades and environmental efficiencies are relatively low-cost, SRI promotes in its submission the preference for Government support for these measures to find alternative means of securing water for the environment.

There are two further points SRI would like to outline in this section of the submission. Firstly is the issue of the benefits of the tourism industry being promoted by the MDBA as an "alternative industry" and the "switch" by irrigation farmers to "high value" crops.

Tourism in regional areas is often dependent on recreation on the many man-made lakes, weirs and dams. This does not fit into the "eco-centric" notions of the proposed Basin Plan; to suggest that a healthier environment will stimulate greater eco-tourism is simplistic and misleading.

Secondly, the higher value crops recommended by the MDBA are predominately permanent plantings of fruits and nuts. This is again another example of economic rationalism without consideration of the reality of the environmental situation.

Permanent plantings must be watered constantly, including years of severe drought, to increase the reliance of irrigation farming on these types of crops would decrease the ability of irrigation farming in Australia to adapt to climatic conditions.

Further, while there is some scope for promoting these types of crops, the MDBA ignores the importance of farmers in "feeding the world", producing nutritious staples, is an area in which Australian farmers exhibit best practice methods and standards in agricultural sustainability. Government policy needs to continue to grow and support these industries which are the backbone of regional communities.

***Economic Considerations***

The economic impact data provided in the *Guide to the proposed Basin Plan* is, in the submission of SRI, evidence of a misrepresentation of the community impact that will result from the proposed

[14] Murray Darling Basin Authority, *Guide to the proposed Basin Plan*, Volume 2, Part III, pg. 965

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.

Further, Basin communities cannot predict the full extent of the environmental damage from the proposed Basin Plan, as it does not outline any details of proposed Environmental Watering Plans (EWP). The details of the EWPs are vital to understanding the full implications of the Basin Plan, as this will highlight the demands for river capacity throughout the year and the potential conflicts that may arise from with timely access to irrigation water and the timing of allocation announcements for irrigation businesses. The implications of the EWPs have the potential to have as much of an impact on the future viability of farming businesses as the proposed SDLs.

While SRI notes that there are issues of constraint due to the *Water Act 2007*, the MDBA claims to have given "consideration" to social and economic concerns to mitigate the impacts of the proposed Plan are misleading.

Then MDBAs interpretation of the *Water Act* in formulating the Guide has led the consideration of socio-economic studies to develop as a sideline issue to environmental requirements, rather than in conjunction with the proposed environmental requirements.

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.

This also adds weight to wider concerns regarding MDBA environmental recommendations.

The MDBA released the ABARE report findings, despite the findings of a report commissioned by Marsden Jacobs Associates, which outlines the community profiles for the MDB in Appendix C of Volume 2 of the *Guide*. For the NSW Central Murray Region, the report clearly identifies that in the community of the NSW Central Murray 90% of businesses 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.[15]

Given that the MDBA is proposing minimum cuts to the sustainable diversion limits of 3,000 GL – 27 per cent – we can detract from this that the impacts to the NSW Central Murray region businesses and community will be dire.

In terms of options for under a significantly reduced SDL, the Guide goes on to state that in the NSW Central Murray region,

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

> [a]ll farms will be financially impacted by a reduction in long-term water availability … [and] there are few significant (if any) economic development opportunities from increased environmental flows that will offset the impacts of irrigated agriculture.[16]

The NSW Central Murray region has a population of 35,000 with a high dependency on agriculture, farm supply and service businesses, transport services and food processing as its economic foundation. As such the total economic impacts Basin wide, resulting in the loss of approximately 800 jobs, appears to be an entirely inappropriate assessment of the situation and completely misleading as to the social and economic impacts, both in the short and long-term.

As outlined above, SRI believes this figure is misleading and the alternative figures proposed provide a more accurate example of the effects of the proposed Basin Plan.[17]

In relation to the announcement of the MDBA that it will be commissioning a further socio-economic study to report in March of next year, SRI continues to hold reservations in regards to the outcomes of this study.

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.

SRI reiterates its concerns of the ability of any study to achieve such an outcome in the proposed time frame and recommends that the MDBA look at seeking an extension for the study, to enable the MDBA to deliver a meaningful contribution to the MDB Plan, regarding social and economic impacts.

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 SRI.

**Social Considerations**

It is the opinion of SRI that the Guide lacks a triple bottom line approach and SRI 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

[16] Murray Darling Basin Authority, *Guide to the proposed Basin Plan*, Volume 2, Part III, pg. 965

[17] At the time of submission, the MGCC are awaiting the results socio-economic study, commissioned by the six local councils of the NSW Central Murray region through RAMROC, to give definitive evidence of the effects of the Basin Plan on the region and its communities.

centres, including reductions in post-farm processing. Some service centres may become more welfare dependent.[18]

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.

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.

*"Value for Money"*

The issue of 'value for money' has been a considerable factor in the proposed Murray Darling Basin Plan.

On the face value of a simple economic calculation of *x* amount of water for *x* amount of money,

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

the water buyback scheme seems the most sensible approach to securing water for the environment.

However, the issue of the MDB is not that simple.

The recommendations made by the proposed Basin Plan does not explore the complexities of the relationship between the environment and the rural, farming communities in the Basin, nor do the recommended cuts to the SDL recognise the impact on the Basin economy and the flow-on effects through the national economy.

The Committee needs to consider in its findings the need for a visionary Basin Plan that can address the needs of the environment, the regional and national economies, and the social structures in the Basin.

**The money spent on infrastructure upgrades, environmental and on-farm efficiencies does not, in the submission of the SRI represent a misuse of tax payers' funds, but rather is evidence of a "national building plan" that regional Australia has been without for many years.**

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;

As outlined above, the NSW Central Murray region is dependent on inflows into the catchment areas for allocation as the majority of users within the region have General Allocation entitlements. As such, actual use versus entitlement is highly variable from year to year.

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 extent of efficiencies already implemented.

Rural communities have made significant progress in becoming more sustainable, but require the support of government to make large scale, innovative changes to allow for them to continue to be sustainable economic foundations for their communities.

***Alternative Water Solutions***

While continuing to question the necessity of the proposed SDL cuts, SRI notes with disappointment that the MDBA has, in no meaningful way, addressed alternative means of procuring water to the environment.

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 MDBA needs to have a vision for the MDB in respects to this; solutions need to go beyond the farmer, to address all aspects of the Basin.

While there are constraints in the *Water Act*, SRI believes that in "considering" the social and economic impacts the MDBA should have identified the above alternative solutions to meet the needs of environmental water.

Finding alternatives to provide the recommended needs for the environment would serve to mitigate the social and economic concerns outlined above.

***Irrigation infrastructure upgrades***

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, SRI notes with disappointment that the MDBA has, in no meaningful way, addressed alternative means of procuring water for the environment in the Guide to the proposed Basin Plan.

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 demonisation by the wider population, with government seeking to reduce irrigation area without adequate consideration of the social and economic consequences, and the and in context of rapidly growing global demand for food.

As such, SRI 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.

SRI 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.

***Environmental works and measures***

SRI is very disappointed at the lack of initiative employed by the MDBA in exploring the options available during their environmental assessments.

National Irrigators Council, the National Farmers' Federation and the Australian Conservation Foundation have previously approached the MDBA seeking further development of such proposals

as part of a suite of measures to address environmental needs. "Our calls have fallen on deaf ears – the MDBA devotes just a few paragraphs to this option in the Guide."[19]

SRI 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.

An option of particular note is the Lindsey Island project currently being explored by the Victorian Government:

> Works at Lindsay Island will enable flooding of 30 per cent of the floodplain (about 5,000 ha), and reduce the amount of environmental water required for each event from 1,200,000 ML to 90,000 ML. To purchase allocation on the temporary market and provide this difference – just once – would cost around $200 million. To purchase high-reliability water share and provide it more permanently would cost over $2 billion.[20]

SRI would also like to highlight to the Committee the Water for Rivers program, which is currently recovering water for the environment using innovative efficiency savings and infrastructure upgrades supported by SRI.

**SRI 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.**

*Research and Development*

As outlined above the irrigation industry has made significant advancements in best practice developments in on-farm infrastructure and efficiencies. However, the imperative is to ensure that these developments and technologies are adopted across the board, to ensure an efficient industry.

With the decade long drought the availability of capital has been, and will continue to be a considerable barrier for irrigation businesses, in part due to the concerns of future viability of investment in the region.

The irrigation industry requires some form of joint venture with the Federal and State Governments to ensure that a strong and sustainable future can be created for the irrigation community and rural communities.

g) the national implications of foreign ownership, including:
   i. corporate and sovereign takeover of agriculture land and water; and
   ii. water speculators;

Foreign ownership in itself is not a negative for the Australian agricultural industry; however, SRI believes that the Australian government should look closely at who owns significant natural resources, particularly in regards to water speculation.

[19] National Irrigators Council, Submission to the House of Representatives Standing Committee on Regional Australia

[20] "Priority works to increase the effectiveness and efficiency of environmental water delivery in northern Victoria, July 2010", Unpublished report, Victorian Department of Sustainability and Environment

SRI continues to promote the development of a strong and clearly defined property right for water entitlements. As such, we also support the right of any entitlement holder selling their water to whomever they choose (including the Government).

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

SRI would like to highlight again that farmers across the Basin have been committed to ensuring continual production efficiency, with Australia farmers among some of the most efficient in the world. SRI would reject a MDB Plan that would treat valleys differently based on a perceived level of production efficiency.

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

SRI does not support this aspect of the committee's terms of reference. The Murray Darling Basin was chosen by early settlers and governments for its suitability to agriculture, and in particular to irrigated agriculture. Attempting to begin new food bowl areas, while forsaking the existing infrastructure and development committed to the MDB appears to SRI to be wasteful of the years of investment that businesses and communities have put into the MDB.

j) any other related matters

**Stakeholder Engagement**

SRI, like many other organisations, is keen for the exploration of ideas that can benefit their communities and businesses, by helping the local environment and making local farming businesses more efficient and profitable.

However, SRI cannot support any measures that serve to undermine the base of local communities in the NSW Central Murray region and throughout the Murray Darling Basin, as a whole.

It is necessary for the MDBA to look for avenues to enable its recommendations to become more compliant with the NWI triple bottom line.

MDBA representatives have continually stated that communities should and are welcome to "challenge the science".[21] However, rural groups rarely have access to the funding required to undertake such an activity, particularly due to the lack of profitability during the last decade of drought.

While constrained by the *Act*, SRI believes that the MDBA should use its resources to find alternative options to return water to the environment, such as through infrastructure upgrades and environmental efficiencies, across the whole of the Murray Darling Basin.

Rural and regional communities are an important factor in the continued health of the Basin, an aspect of the issue which the MDBA has failed to adequately address, if at all, in the *Guide to the proposed Basin Plan*. Local communities are the custodians of the Basin environment and have a vested and keen interest in maintaining the health of the Basin environment.

[21] In particular, comments made by Mike Taylor and Rob Freeman at various MDBA Consultation Meetings.

To this end, SRI requests that the MDBA work with local stakeholder groups, irrigation and farm bodies, and local councils to increase the "local knowledge" content of Guide to the proposed Basin Plan, to acknowledge the plethora of knowledge and understanding that exists in local communities about the environmental workings and needs of the river systems and wetlands.

**Appendix I:**

SRI has also included the summary of recommendations that it submitted to the MDBA, in response to community consultation.

**Conclusion**

Claims by the MDBA that rural communities require a quick process in finalising the Basin Plan is misleading, no community needs the certainty of imminent death.

MDB communities require the MDBA to undertake a thorough examination of the needs of the MDB system and provide an accurate and realistic Environmental Watering Plan.

Most importantly MDB communities require the MDBA to go further than "consider" the needs of rural communities and to recommend to the Government that the *Water Act* must be changed to allow for an outcome that optimises the outcomes for all parties involved, to ensure a sustainable base for the future of the Murray Darling Basin environment, communities and its economy.

**Appendix 1: SUMMARY OF RECOMMENDATIONS IN THE SRI SUBMISSION TO THE MDBA GUIDE TO THE PROPOSED BASIN PLAN –**

In the regulated NSW Murray system any effective solution need to be inclusive of stakeholder groups to create a sense of ownership to more forward on and there needs to be a system of holistic river management rather than a "just add water" approach.

SRI recommends the following points for necessary for consideration during the drafting of the Basin Plan:

1. Natural resource management must be a holistic undertaking; SRI believes that the MDBA Plan is deeply flawed in its dependence of end-of-system flows as a measure of river health. Increasing outflows will not act as the panacea for any issues that exist in the river system. Additionally, there is significant potential for this method to have adverse environmental and economic impacts;
2. The MDBA needs to rectify the failure to provide vital information for the current state of river operation, the usage of water and the ambiguity that surrounds water environmental water holdings;
3. The MDBA dependence on the "best available science", which is of "low level confidence", needs to be immediately rectified and previous data needs to be incorporated into MDBA data, to be used in a progressive manner to prevent the continually shifting "goal posts" that occurs in the area of water management;
4. The MDBA needs to address the lack of investigation into solutions to deliver increased water to the environment, such as engineering solutions, infrastructure upgrades, environmental efficiencies and on-farm efficiencies, to change the predication of the proposed Plan on the removal of water from one user to another;
5. Rather than commission a new socio-economic study, the MDBA should use reports and studies already commissioned, directing its resources to investigating alternatives to mitigate the impacts on rural communities;
6. The MDBA needs to address the failure to use substantial local knowledge and expertise of local river systems, which has been accumulated over many years, through observation and experience;
7. The *Water Act 2007* requires a Business Plan (Environmental Water Accounting Plan) as the basis for major decisions. No indication of detailed Water Sharing Plans or Environmental Watering Plans have as yet been created by the MDBA, which has served to further disengage and concern stakeholders;
8. Concerns that the modeling of "without development flows" and proposed flows have been done without expert assistance from NSW Office of Water or State Water, or local knowledge of local river systems;
9. The MDBA need to acknowledge the likely third party impacts that the proposed Basin Plan would have due the increased incidence of flooding and the impacts on delivery entitlements;
10. The MDBA acknowledge their flawed dependence on "high value" crops and environmental tourism as an alternative to irrigation as an economic base; numerous reports commissioned by the MDBA have indicated that the "conversion" would not be feasible.