

Submission on the MDBA Basin Plan Guide

Financial Implications

My wife and I, two and one half years ago purchased a new home in Leeton NSW. We have lived in Leeton for most of the past 37 years, raised our children there and recently retired from full time work.

We obviously enjoy the lifestyle, level of community facilities and the community of Leeton.

I attended the 2nd Griffith Guide information meeting and asked some simple questions about financial impacts of the proposal and what provisions had been made to deal with the financial losses for communities and individuals that invariably would result from the proposals made.

I was advised that there were no provisions anticipated in the Plan to help deal with these matters.

Cuts to available irrigation water of the magnitudes suggested in the Guide will devastate our local community. The immediate outcomes will include significant job losses, emigration of displaced families, eventual withdrawal of community services and the attendant financial losses for all.

I have reviewed as best I can the advice received by the Authority from Marsden Jacobs and Associates and Adrian Rizza, and it is clear that the scenario I anticipate will be a known outcome, as the advice to the Authority very clearly points out.

Firstly, in respect of compensation for irrigators for loss of water, and for direct purchase of water entitlements by the Commonwealth, it is clear that due to the reduced equity in their assets as a result of the prolonged drought, any payments received will be taken immediately by the financiers to clear the irrigators debts and reduce the banks loans exposures. None of that money will be available for on-farm adaptation, farm business restructuring, moves into new types of crops, investment in new capital equipment, livestock purchase or similar suggested compensating value adding to offset the loss of productive use of water. Please refer again to the reports I mentioned earlier.

That will mean permanent reduction in food production in our community, and significantly lower levels of farm activity and abandonment of installed irrigation infrastructure.

That will also result in permanent loss of farming families from the area.

Secondly, in respect of other financial implications, there is the issue of impacts on our community facilities and capacity for dignified living.

It is clear from the advice the Authority has that some communities, including Leeton, are unlikely to remain viable or continue in any form similar to their current hard-earned level of community wealth and facilities, with the level of cuts suggested, due to a dependence on irrigation and its flow on employment.

It is equally clear that the loss of direct jobs from Leeton will be no less than 500 workers.

Those 500 workers represent approximately 400 families and also support a further 700 children.

There will be no alternative available for those displaced from work and consigned to Centrelink dependency, other than to leave town.

They will not be able to sell their homes as there will be a glut of supply, prices have already started to reduce and sales are extremely slow. Inevitably home prices in Leeton will fall by something of the order of the percentage suggested for the water cuts.

The knock on effect to support workers, including police, hospital staff, teachers and others will closely follow the direct job losses, and exacerbate the losses.

Inevitably Council will have to cut its services and facilities as rate revenues dissipate.

Just as inevitably, our town will become a lot less attractive to live in due to its loss of energy and community wealth. That will pervade the whole community.

And the Authority has the stock answer that they expected there would be no provision in the Plan to deal with those matters.

Thirdly, there is the issue of adverse financial impacts on individuals. For the purpose of this submission, my wife and I are simply two of the many who will be deliberately, indiscriminately and maliciously, personally deprived of our hard-earned wealth, invested in our home, by decisions that would automatically flow from this ill-conceived, ill-prepared and illogical plan.

Again, I repeat that the advice the Authority has is that some communities, including Leeton, are unlikely to remain viable the level of cuts suggested.

Our home will depreciate in value by approximately \$160,000 (40%). We will not be able to sell our home for anywhere near what we paid, if in fact we can sell it at all.

Others in our community will be put into a negative equity with their homes and the financial institutions will seek for them to sell at fire-sale prices or make large balancing repayments.

Our town will become a lot less attractive to live in due to its loss of energy and community wealth.

And the Authority has the stock answer that they expected there would be no provision in the Plan to deal with those matters.

Why is it accepted that losers can be created, winners can be identified and yet no provision be made for offsetting the wealth transfer that is forced on those parties. Why not provide for losers to be restored to their pre-Plan financial position and winners to provide the financial resources by which that can be made to happen.

That may well force a realistic assessment of real local impacts and opportunities, something which appears to be totally lacking in the Guide.

Simply nationalising or globalising the picture painted by financial and economic outcomes hides the utter destruction and severe financial impacts on local communities, businesses, individuals and families that has already been identified in the advice to the Authority.

We are not afraid of change – we are afraid of precipitous decisions based on sacrificing some communities for the benefit of others, without any financial balancing of the wins and the losses.

We are not prepared to “get used to it” as some in Canberra have adopted as their action motto.

Commonwealth Water Entitlement Purchases

We note that the Commonwealth has announced that it will purchase sufficient water entitlement from the Murrumbidgee to “fill the gap” between current conditions and the outcome reduction in diversion limits.

We do not necessarily agree this approach however it is certainly better than government simply appropriating the “gap”.

We are most concerned however that the Commonwealth water entitlement holder will have different conditions and regulation and management regimes applied to their holding than those which applied to the irrigator who sold the entitlement to the Commonwealth.

Those differences include measurement of diversions under National Metering Standards, treatment of account debits for taking and enjoying the benefits of surplus flow events, maximums allowed to be taken against water entitlements, and carryover spills.

It is difficult at present to get surety from NSW on the total extent of the framework that the Commonwealth will be dealt with. Unless there can be surety on this issue, and we can be convinced that there are no additional benefits to be enjoyed by the Commonwealth, we can only expect third party costs for other irrigators.

That would be an unacceptable situation, and one which would exacerbate the looming loss of rights for irrigators and the local communities.

Please understand clearly that we two and the other people of Leeton and the remainder of the affected community have no intention of putting up with this mess, and will take whatever actions are necessary to achieve a balanced approach to dealing with the people, the communities, the valuable production enterprises we have spent year establishing, as well as the environmental needs of the wider community.

We will hold the Authority and the National Parliament accountable to us for denying our national laws and denying the best interests of our community, using power usurped under the guise of international agreements to destroy our legitimate community productivity, wealth and our created society, when there are realistic alternatives to achieve community-acceptable outcomes for the national environment.

Submitted by: Brenda and John Chant