

**Submission to the Inquiry into the Impact of the Murray-Darling Basin
Plan in Regional Australia.
- Laurence George Lewin**

This is a personal submission to the enquiry. I do not represent any organisation, although I did work for many years as a rice breeder (with the NSW Department of Agriculture/Primary Industries); was Director of the CRC for Sustainable Rice Production from (1997-2005) and following retirement I occasionally do some consultancy with SunRice. I have taken this step because I am extremely worried about the effect of the proposed MDBA plan on the health of MY community (Leeton).

Many believe that the Plan only affects irrigators. The proposed cuts, however, will have greater impact on the irrigators who choose to stay in production and on the communities that depend on the economic activity for their wellbeing.

Summary

This submission addresses the following:

- The Water Act is flawed because it has created confusion about priorities between water for the environment and water for consumptive use. It is flawed because it uses International Treaties as an excuse for control.
- The MDBA process is flawed because it has not addressed watering plans *before* deciding how much water is needed for the environment. It has not looked at engineering works or water saving options and so over-estimates the amount of water required.
- The MDBA process should have involved the expertise available in the communities to formulate the Guide to a much greater extent than has occurred.
- Socio-economic or economic studies on the effects of the SDL's have not been effective because they only look at returns to irrigation at the farm gate. They have not looked at farm profitability or downstream processing.
- The effects of the current proposals will devastate some communities (including mine). The damage will be done to communities and those irrigators choosing to try to continue – not the irrigators that sell their water.
- Options for water saving include engineering solutions and investment in research and development. Government should invest in R&D rather than withdrawing funding.
- There are limited alternative options for creating economic activity in the seriously affected communities. This is because their competitive advantage revolves around irrigation.

Detailed Submission

I am extremely disappointed that the terms of reference do not ask for any comment on the Water Act which is both flawed and biased. In my submission to the MDBA I said the following:-

‘The Water Act

I understand I should not be commenting on the Act and I will be adding my comments to the Parliamentary Enquiry.

It seems wrong; however, that the Guide must address environmental concerns first because (*and only because*) this is the way the Australian Government can maintain control. So my rights and the determination of what is best for Australians depend only on our commitment to some international treaties.

Surely in something as important as the environment, irrigator’s livelihoods, the health of the river, production of food and the survival of communities, we should expect our Governments to take a more cooperative approach and be sufficiently mature to look for the best outcome.

The Water Act is a flawed document because it depends on meeting outcomes that may not be in the best interests of all Australians simply to meet some international environmental treaties. The dispute, for example, about whether the environment must be considered before socio-economics; and the health of the environment only is to be considered and not the health of rural communities, seems counter-productive in setting a future for all Australians.

Most thinking people want a river system that is as healthy as possible and has a long-term future. Rural communities in the MDBA understand that more water will be required but the amount should be determined only after we have had significant discussion about what we want the river to do; what environment we want; and what the rural communities should look like. To make these decisions only to satisfy international treaties seems wrong. I contend that a better process could achieve all objectives. Unfortunately the current process only causes division, angst, worry, financial hardship and increases the divisions between communities.

In setting up the MDBA, the Act has ignored the experience of many in developing water sharing plans. The long, involved and difficult process of developing water sharing plans in NSW, where the discussion was between independent experts, irrigators, environmentalists and indigenous representatives did deliver improved outcomes but maintained community survival. It was difficult, long, hard, and contentious but it worked.

Australia’s population is now 22.5 million with more than 10% living in the MDB. The population we will accept in the future is uncertain but it is likely to be much more than 30 million. The world population is now more than 7 billion and certainly heading towards 8 billion. Our environment cannot stay exactly as it was 100 years ago if we expect to continue feeding people. We must have a community discussion about the environment we are prepared to accept and determine how this can be maintained.

The whole process following the Water Act has been about setting up a Government Instrument to tell everyone what is going to happen. There has been some community consultation but I have yet to be convinced that real consultation will occur. This process is not the same as getting experts from various groups (irrigators, environmentalists etc) to work on a real plan.'

Let me comment directly on the Terms of Reference

The direct and indirect impact of the Proposed Basin Plan on regional communities, including agricultural industries, local business activity and community wellbeing;

Under the proposed MDBA Plan there is no such thing as community wellbeing. This is particularly true for communities such as mine (Leeton) that have been established as a result of irrigation and have built their whole future centered on irrigation. All major industries in the town are irrigation-centric – as they should be because this is what was intended by successive Governments (both Federal and State).

Successful, viable and resilient communities were established from nothing because this is what we were asked to do. Industries were developed and viable communities established. Now we are told that our communities are not viable; that we have been raping our environment; that the environment is much more important than people in my town who were either born in Australia or welcomed into our community.

All in the community believe that our environment is important and we also believe that the welfare of those who live downstream is important (after all I have a daughter and her family in Adelaide).

The current Guide, however, represents an attack on our very existence. I have detailed some of my concerns in my response to the Guide. I believe the approach is flawed as it depends solely on hydrology. No new science is proposed for managing the environment. There is no real analysis of environmental effect. There is a poor understanding of the effects of droughts since the mid- 1980's. There is no recognition of the efforts of irrigators in managing their business; there is no recognition of the efforts of irrigators in returning water for the environment while maintaining or increasing productivity; there is no recognition of irrigator efforts in developing Land and Water Management Plans; Catchment Management Plans; Environmental Management Plans (as evidenced by the Cotton Industry EMP's and rice industry Environmental Champions Program). I recognise Government involvement in these programs but they were *initiated* by growers. There is no recognition of grower investment in research (virtually unheard of in other Australian industries) and some of this investment has been in environmental and water research.

The Guide to the Plan as proposed would annihilate some regional communities and, since I come from an area to be most affected, I am most upset. This Plan would destroy our food processing industries, destroy the businesses that depend on those industries and hence destroy the value of our investment. For me, personally, this is of no real concern.

I have no real value, few assets and am at the latter stages of my productive life but I have children and their families and friends who have invested in my community and I am personally very sorry I ever encouraged them to stay in regional Australia. I am sorry that I ever placed my trust in any Australian or State Government.

It is said that we can find alternative businesses with sufficient help. I don't believe this to be the case. I believe that our only competitive advantage is water and the Government (including its instrumentality, the MDBA) is hell-bent on taking this away (for what advantage?).

Socio-economic and economic studies have consistently under-rated the importance of rice (and other broad acre commodities) to local communities for their own purposes. Where value at the farm gate is considered as the only criteria, rice looks to be a poor option. But our whole community understands that it consistently returns better value to farmers than any other broadacre crop in our region (with the possible exception of cotton in some areas). Then there is the value-adding that has always occurred after the farm gate for rice. This is *never* considered in economic studies. I have often asked why this is so but now realise that it does not suit the political (not necessarily party political) agenda of many.

The economic studies printed in association with the Guide to the Basin Plan are so naïve and so ridiculous that they got the scorn and derision they deserved. Why are these analyses so at odds with those developed at behest of communities (e.g. Cotton CRC www.cottoncrc.org.au)? Because they are biased and influenced by an agenda that is rampant in Canberra and developed away from any real-world demands.

The final phrase of the first TOR is 'community wellbeing'. We do not really know what the Guide is proposing - is it 3000GL, 3500GL or 4,000GL – or if some would have their way (e.g. Sarah Hansen-Young- smh.com.au, 14th December) 7600GL? It is very difficult to state what the effect on community wellbeing is. With cuts of 40% in irrigation water there is no community wellbeing. There is only community concern; community distrust; community fear; community downturn. If this is what the Australian Parliament intended then they were really successful.

Options for water-saving measures or water return on a region-by-region basis with consideration given to an analysis of actual usage versus licence entitlement over the preceding fifteen years

Let me first address the second part of this question. Actual vs. licence entitlement over the last 15 years? There has been virtually NO actual allocation for the last 5 years in the Murrumbidgee Valley for general security irrigators and even longer for Murray irrigators. This is evidenced very clearly in the graph of rice production (Figure 1) where the downturn due to drought is clear. Most production for the last five years has been from groundwater. Irrigators would grow rice if they could but there was no water. There has been significant sowing of rice in 2010 and allocations for General Security water are

now 100%. Unfortunately this announcement came too late for sowing of most summer crops

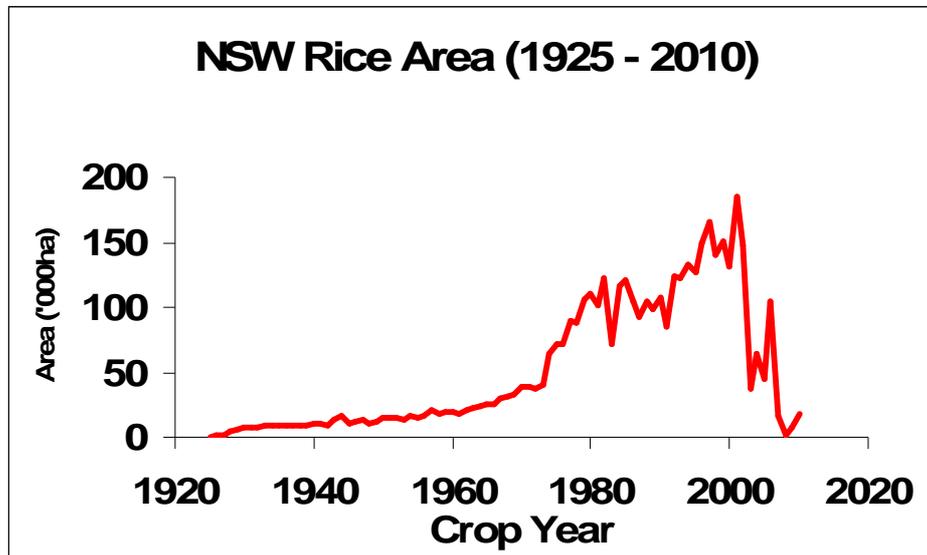


Figure 1. Rice production in NSW

Irrigators have consistently improved water productivity and this has allowed returns to the environment (unrecognised). At least for rice production, however, the drought drastically reduced investment in R&D, slowed the progress in water productivity improvement and slowed improvements in industry viability.

There are many options for investment in water saving – particularly in managing the environment. These are never considered, and were certainly not addressed in the Guide to the Basin Plan. At the community consultation meetings I attended (Griffith and Narrandera), it was stated that we should make suggestions about water saving options and these MAY reduce the SDL's. These options have consistently been canvassed with the MDBA during the build-up to the Guide release. They were equally consistently ignored. Why should we now have faith in 'consultation'? Surely there are options for saving environmental water. If environmental water were considered as precious as irrigation water we would not be having the current problem. We need to consider the environment as another form of consumptive requirement, where efficiency of use to achieve desirable outcomes is paramount.

There are examples of where water has been used to enhance environmental outcomes. These have never been referenced by the MDBA nor have the options been considered in their 'Plan'.

The MDBA process does not consider how environmental water is to be used. I do not understand how any real decision on SDL's can be made without understanding the management of the water. This is just another example of the divide between the Australian and State governments and their bureaucracies. It is the State Governments

who will be responsible for managing water yet they were not involved in the process of developing SDL's.

The Guide to the basin plan does not consider how variability is to be managed just works on averages. Even under the terms of the Guide, it is likely that the lower lakes of the Murray would not be any better off in a drought such as the one we have just experienced.

The role of governments, the agricultural industry and the research sector in developing and delivering infrastructure and technologies aimed at supporting water efficiency within the Murray-Darling Basin.

The Industry and research sector are aware of the problems but the Government has not suggested investing in R&D to attack the problem. To date all the investment has been into defining the environmental problem and not in fixing it. The Land & Water RDC was eliminated and the Productivity Commission has recommended reductions in R&D investment.

The Government record in delivering on investment is so bad and so slow that any thinking Australian is appalled (over successive Governments and not just the current Labor one). The Water Efficiency projects have been implemented so badly and so slowly that they are the derision of any person who has had even a cursory relation to the process. This is not new. Another example is the slow roll-out of funding under the National Action Plan on Water Quality and Salinity.

The research sector can deliver. They can work with agricultural industries (there is a long history to prove this). They can provide solutions.

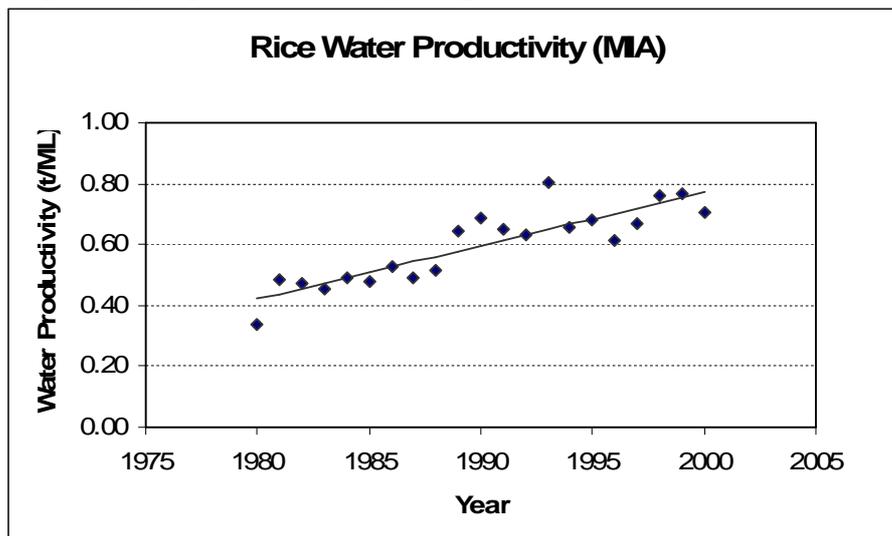


Figure 2: Water productivity (tonnes/ML irrigation water) for rice in the Murrumbidgee Irrigation Area (1980 -2000). No calculation has been possible for more recent years due to the effects of drought on productivity.

There is a history of scientists and researchers (and extension officers) working together with industry to achieve significant outcomes. I am most familiar with the rice industry. Take, for example, the improvement in water productivity (Figure 2); the research into delayed flooding of rice; and a new cold tolerant variety with its water saving advantages that will be released in 2011. During the drought, however, the Government chose to reduce its investment in rice research and delay any potential initiatives.

Governments, industry and the research sector have enormous opportunities to work together to enhance the future of industries and communities. But the MDBA approach does not include this option. They choose to return water to the environment to be managed in a haphazard way to achieve undefined objectives and to save poorly defined environmental assets. The process has chosen convenience over real science; convenience over community health; convenience over real achievement and convenience over the livelihoods of Australians.

There have been many suggestions for improving infrastructure to gain water savings. I need not detail these because I am sure they have been detailed in many Irrigation Company, industry and individual submissions. To date these have been ignored by the MDBA for their own reasons. I know they have been suggested to the MDBA and to various politicians.

I am not a particular subscriber to the building of new dams. I don't believe this is necessary to achieve environmental targets. I do subscribe to properly managed environmental water and other management options being used to improve our environment. The re-stocking of native fish species, for example – along with construction of fish ladders and re-snagging of rivers has done much to improving native fish biomass in NSW. Not only has this improved the fish populations but contributed to improving the economic and community health of those locations supporting the research.

Measures to increase water efficiency and reduces consumption and their relative costeffectiveness (sic);

All irrigation industries have introduced measures to increase water efficiency and improve efficiency of production. Most Governments, however are not interested. I am most familiar with the rice industry where:

- Water productivity has continually improved (Figure 2);
- Further improvements are possible;
- There is value adding beyond the farm gate (never included in economic analyses);
- Options for reducing water use are being researched (with only limited support from the Australian Government because their funding dried up with the drought);
- This is a viable Australian industry that returned \$600 – \$800 million to Australia in its best years;

- It is an industry that supported the viability of many communities in the Southern MDB;
- This is an industry that has been targeted by many in the environmental movement and ‘downstream’ politicians with distorted information;
- The distortions have been believed by successive Governments;
- this has affected investment in research;
- this has reduced the viability of communities.

The rice industry has survived despite the continued attacks by some influential members of the community. It has survived because:

- it is a profitable farming enterprise (despite the biased economic analyses);
- it uses general security water when it is available;
- there is value adding beyond the farm gate;
- (until the drought) – there was heavy investment in R&D;
- there is a large world market for rice and so it is not beset by the supply/demand problems of many agricultural industries.
- the processing sector chose to continue to support infrastructure and people during the drought to allow a ‘bounce back’ when water became available (as has happened in 2010).

Opportunities for economic growth and diversification within regional communities

These comments refer specifically to my own community of Leeton. There is diversification and resilience in the local community. The town has good educational facilities (including two boarding schools) and also a developing aged care hub. The economic wellbeing of the community, however, has been built on irrigation-based industries. There are significant food processing industries that may struggle – depending on the final SDL’s adopted from the Basin Plan process. There are also other industries (particularly engineering ones) that have only developed because there is a viable food processing sector. Similarly the service and retail industries are only viable because there is a significant agricultural and food processing sector. The relatively high population density is due to the intensive nature of irrigated production.

To take away significant quantities of irrigation water will cause economic pressure on all sectors of the community. It is unlikely that Leeton could survive in its current form under irrigation cuts that resemble those experienced in the recent drought. It is not possible to comment specifically on the economic impact. We have no knowledge of the final SDL’s only a range; we don’t know what the balance is likely to be between high security and general security irrigation allocations and we don’t know how the environmental water is likely to be managed to simulate variability. The upper limit of the proposed cuts, however, would leave irrigation entitlements at a level that is similar to those experienced in the drought. We know that these had dramatic effects on some communities. There was continued investment in Leeton, however, because investors expected a return to more normal allocations. If these cuts were to be permanent, industries would close; there would be loss of employment; investment in property would cease; and a vibrant, healthy community would be destroyed.

There are limited opportunities for economic development in my community that do not involve irrigation. This is the reason for Leeton's existence. The town has no comparative advantage apart from water.

The opportunities for economic development therefore revolve around more efficient use of irrigation water. This can be achieved given effective Research and Development, a controlled and steady rate of change and involvement of all in the community in facilitating the provision of water for the environment.

Previous relevant reform and structural adjustment programs and the impact on communities and regions

The irrigation sector has responded to a series of changes and pressures in water availability over the last decade. These have included:

- the MDB cap on diversions;
- the development of State government water sharing plans;
- the Living Murray process;
- a prolonged and very serious drought.

They have survived these changes largely by getting more efficient, by investing in infrastructure, by investing in research and development and taking a more business-like approach. The food processing sector has responded by improving efficiency and looking for greater value adding.

Rice producers, for example, were able to improve water productivity and the efficiency of water use on their farms through landforming, water recycling and investment in Land & Water Management Plans. This saved irrigation water and allowed water to be returned to the environment (around half of the water saved was retained to improve profitability and half forfeited for environmental use). This was possible because:

- the rate of change was sufficiently slow;
- there was substantial investment in R&D;
- producer and community representatives were part of the change process.

The MDBA process is different and will cause massive economic destruction because:

- the cuts are much greater;
- the proposed rate of change is much quicker;
- there is little involvement of irrigators or the community in the MDBA process;
- there has been little investment in R&D during the past 5 years due to the drought influence on levy funds and the corresponding reduction in Australian Government contributions.

I am concerned for my community and for the impacts that the proposed SDL's will have on people, economic activity and businesses. I don't believe that a compelling case was made in the Guide that cuts of this level are necessary. There is a better way.

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