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Submission to the Standing Committee on Regional Australia – Basin Plan.

Mildura, 19th January 2011

I am a Mildura based businessman with an accounting background (over 40 years), a former commissioner of the Mildura Rural City Council, a member of the Mildura Future Water Group and Chairman of Mildura Airport Pty Ltd.

This submission is a personal one.

Preamble

I strongly believe that the current Parliamentary Enquiry, headed by Tony Windsor MP, is considering one of the most important issues of our time.

The Enquiry / Debate is one we “had to have”, confronting and controversial as it is. The background issues and inequities have festered over the years, and must be addressed on a statesman like, (dare I say) non political basis. The issues are more far reaching and more important than short term ‘spin’ politics.

On balance, the Committee needs time to consider the complex issues, however be very mindful of the undermining “uncertainty” factors (Investment decisions, Banks, etc).

Thank you for the opportunity to make a submission.

Lloyd Thomson



The importance of the Basin Plan to Mildura

1. Mildura welcomes the opportunity to discuss the proposed Basin Plan with Tony Windsor MP and the Parliamentary Inquiry into the impact of the Murray Darling Basin Plan.
2. Mildura as a city and district is highly dependent on the Murray and Darling Rivers as a source of irrigation water.
3. Irrigation based industries are the source of products that are processed packaged and distributed out of Mildura.
4. Mildura and district is one of the key sites in Australia where value is added to irrigation products. Much of the horticulture product that leaves Mildura is in a supermarket ready form and is distributed across Australia and the world.
5. Mildura as a city and district influences and is influenced by irrigation across three states. Water, technology, produce and equipment moves readily across state borders. Utilisation of specialised equipment such as packing and bottling lines is not constrained by state borders.
6. The broad based industries and service sectors in Mildura, together with the airport and transport links provides services to the three states that make up the lower Murray Darling irrigation districts.
7. Mildura provides a specialised core of services to the irrigation industry through processing and packaging, financial services, irrigation technology and supplies, health, education and social services.
8. Mildura also is a centre that services dry land agriculture and tourism.

Use of Irrigation Water in Mildura and District

9. Downstream of Swan Hill on the Victoria side of the River there is approximately 70 000 Ha of irrigation utilising 540 GL of water. Up to 20 % of the area serviced by irrigation is out of production.
10. Most of this water is utilised on horticultural crops, of which most is permanent plantings.
11. Fruit is grown for a sophisticated market. Irrigation technology is operated to produce not just volume of produce, but is also used to influence timing of harvest, disease management and quality of produce. Surety, security and flexibility of the water supply are important.
12. The last 10 years has seen a marked increase in controlled irrigation with less than 5 % remaining under traditional furrow irrigation.
13. In summary, downstream of Swan Hill accounts for a small proportion of Victoria's entitlement from the Murray and Goulburn systems, but is economically very important.

Drought, water trade and importance of the Water Market.

14. Over the past decade, the Basin has been subject to drought and now damaging rains. Mildura has experienced a local drought and a drought in the catchments to the dams that supply irrigation water to Mildura. For the first time since the regulation of flows on the Murray, Mildura has experienced less than 100% of entitlement in consecutive years. The widespread loss of permanent plantings was a real possibility.
15. Irrigation industries survived in Mildura through the cautious use of inflow into the catchment, trade-in of water, use of carryover provisions, reduction in the area crops irrigated, and improved on-farm irrigation practices and technology. Properties survived the drought and severe water restrictions by

- sacrificing several years' production through severely pruning trees, to reduce the leaf area and water loss/ requirement for transpiration and culling the least performing parts of the property.
16. The drought coincided with a collapse in the prices paid for wine grapes. This led to extreme financial pressure especially on medium sized wine group properties locally. Many have left the industry and blocks now lie idle.
 17. Growers, industries, and the community worked together to protect and enhance the horticulture industries during this period., by participating in drought coordination meetings, accepting lower level of service and participating in training schemes.
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Mildura and district is environmentally important

18. Close to 30 % of the land that makes up the Mallee area in Victoria is public land managed for the environment. This includes, Hattah, Wallpolla, Mulcra, and Lindsay Island Living Murray Icons sites. The Hattah Kulkyne National Park and the Murray Sunset National Park connect the River to the mallee landscape.
19. These parks are very important to conservation in Australia. The return of water to the riparian areas along the Murray River is now possible.
20. Prior to the recent rain, environmental water is being delivered to these sites, and now the sites are benefiting from flows from a high river.
21. Even this high river will not water all the key assets along the Murray. Works and measures are needed. Works are nearing completion at Mulcra Island, and are about to commence at Hattah.

22. More works are needed. The proposed works and measures proposed for Lindsay Island if constructed will provide a major improvement in efficiency in environmental water. This means that less water will be needed for a similar environmental outcome, or alternatively more environmental outcome is achieved for the same amount of water.

What Mildura is seeking need from the Basin Plan?

23. From a horticulture and irrigation perspective it is imperative that;

- a. existing rights to irrigation allocations must be protected and enhanced,
- b. existing processes for trade of water (allocation and share), carryover, spillable water accounts must be protected and enhanced,
- c. any claw back in water is done through the water market, and must be at a fair and reasonable price.

24. Irrigators, businesses dependent on irrigation and irrigation communities need to know the timetable for the implementation of the plan so there is a ample time to adjust for potential impact on their life / business / community .
Restoring environmental water flows is critical, but not necessarily urgent.
The longer the timeline is extended, the lower the present day cost of the future impact. Socio economic impact is substantially reduced if the impact is realised in say 15 to 20 years time. This gives businesses and communities plenty of time to be informed of this pending change and to plan and respond.

25. From a social and economic perspective, it is imperative that;

- a. there is proper, structured and effective local engagement on (i) the preparation of the Basin Plan, (ii) negotiations around the Plan, and (iii) the implementation of the Plan,
 - b. those irrigators and businesses who need to exit the industry be supported through this transition,
 - c. the Basin Plan be cognisant of the broader social and economic issues facing Mildura and district, recognising that Mildura is one of the larger remote cities in Australia,
 - d. the Basin Plan needs to be dynamic and pave the way for further reform to address changing economic, agriculture and environmental imperatives.
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What the Basin Plan needs to recognise

26. Mildura is a hub of knowledge relevant to irrigation, horticultural production, environmental watering and broader environment and land management. The Guide to the Basin Plan does not capture the high level of knowledge and community support that has developed locally. This failure meant that response to the Guide by the local community was direct and predictable.
27. Mildura has a multi faceted economy, with some industries being more economically sound than others. Whilst Mildura has some industries that are soundly based, others are suffering. From a socio-economically perspective, Mildura is disadvantaged as measured through low participation rates in higher education, and its high proportion of socio-economically disadvantaged people in the population. The Guide by creating insecurity may well be contributing to further economic and social decline.

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28. Proper engagement and support from Federal and State Governments at the regional level can and will lead to a higher participation of the socio-disadvantaged people into the broader community, its workforce and education. Health, education and transport needs to be addressed and supported as part of an overall regional development program. The outcome will be greater economic and social outputs from irrigation water.

18/1/11