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SUBMISSION TO THE
PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON
REGIONAL AUSTRALIA

INTO THE
IMPACT OF THE MURRAY-DARLING BASIN PLAN
IN REGIONAL AUSTRALIA

BY
GRIFFITH CITY COUNCIL

20 DECEMBER 2010



Introduction

The release of the Murray-Darling Basin Authority 'Guide to the proposed Basin Plan' has prompted widespread concern across our community as to the future of this region as a whole. If you decimate the lifeblood of this region by reducing the amount of productive water available then you will achieve nothing short of decimating the communities that live in this region.

Request to Address the Committee

Griffith City Council requests the opportunity to address the Committee to support the evidence provided in this submission and provide further information.

Snapshot

Griffith is located in the Riverina region of south-western New South Wales. Griffith occupies 0.16 million hectares (1,606 square kilometres) and is resident to approximately 25,800 peoples, making it densely populated relative to neighbouring LGAs. Griffith has a mobile population, attracting people from neighbouring councils, elsewhere in NSW, interstate and overseas. The population grew by 15% during the period from 2001 to 2006, consistent with state-wide trends, with it having a higher proportion of its population born overseas compared to other councils in the cluster group. Residents originate from a range of countries, such as Italy, India and New Zealand. There is a diverse industry base, although its largest employment industry is not agriculture; however dominant sectors, manufacturing and retail, are highly dependent on agriculture. Irrigated agriculture occupies just 55.5% of the area of Griffith City Council (~90,992 ha), but makes up 68% of the gross value of agricultural production (~\$228 million; 2005-06). The value of agricultural production increased in aggregate for Griffith from \$280 million (in 2000/2001) to \$340 million (2005/2006), largely due to the increases in the value of livestock and intensive animal husbandry.

History

In 1817, explorer John Oxley described this region as being "uninhabitable and useless to civilised man", but in the late 19th century Sir Samuel Mc Caughey proved how irrigation could change the agricultural landscapes - by the potential for diversified crops and livestock, and the capacity for intensive farming. The New South Wales Government legislated for the "Barren Jack and Murrumbidgee Canals Construction Act" in 1906; Barren Jack (now Burrinjuck) Dam was commenced in 1907; huge tracks of land were resumed, and the great scheme was launched.

The first farms were made available in 1912, and the influx to the area increased as potential farmers from as far afield as Sydney, Broken Hill and California responded to the Government's vigorous advertising campaign. Many Italian migrants were drawn to the area to pursue the type of farming



familiar to them in their homeland. Since then, Italians have lived and worked in the area, encouraging relatives and friends to migrate. The input of their toil and culture has enriched the area to the degree that it is now regarded as one of the most successful multicultural communities in the country.

Following World War 1, the population of the area again received a boost as returned soldiers settled on the irrigation farms under government sponsorship. By 1923, soldier settlers represented about one half of the total holders of M.I.A. farms.

The reasoning behind the history lesson is to remind the Government that this community and the communities around it were setup by the Government for the production of food to feed our nation and here we are nearly 100 years later and the Government is endeavouring to destroy this successful region.

Impact of Drought & Low Water Allocations

Agriculture and food production are paramount to the success of Griffith, either directly or in-directly contributing to employment and the general wealth of the city. The recent drought and low water allocations have highlighted how important agriculture and water is to our region with the expected economic impact to the Griffith economy between 2005-06 and 2009-10 resulting in the total loss of:

- Approximately \$41.3 million in output to the regional economy, comprised of \$29.0 million directly, \$7.0 million through production induced flow-on activity, and \$5.3 million through consumption induced flow-on activity;
- Approximately \$18.6 million in value added activity, comprised of \$12.5 million directly, \$3.2 million through production induced flow-on activity, and \$3.0 million through consumption induced flow-on activity;
- Approximately \$4.4 million in wages and salaries, comprised of \$1.3 million directly, \$1.7 million through production induced flow-on activity, and \$1.3 million through consumption induced flow-on activity; and
- Approximately 166 FTE employment positions comprised of 115 FTE positions directly, 26 FTE positions through production induced flow-on activity, and 26 FTE positions through consumption induced flow-on activity.

Griffith is a major service centre for a range of inland regional towns, and this is reflected by the proportionally larger flow-on impacts in Griffith compared to the other council areas in the region.



Analysis of flow-on impacts by industry have shown that the industries of manufacturing, wholesale trade, retail trade, transport and storage and property and business services are estimated to have experienced the most significant loss in economic activity as a result of flow-on impacts from the drought and low water allocations.

This information serves as a pre-cursor to what impacts the proposed water allocation cuts would have on the city and the fact that these cuts would have a longer term and possibly an irreversible impact on the region as a whole. Any cuts to water allocations in this region will have a major flow-on effect to food production and will severely impact the growth of Griffith and in real terms will mean a decline in population and services from the city. A decline in services and population in Griffith will have an effect on the surrounding shires as Griffith is the major service centre for the surrounding shires.

Impacts of the Murray-Darling Basin Plan

The Murray-Darling Basin Authority have indicated in '*Guide to the Proposed Basin Plan*' that the impact of the sustainable diversion limits on the basin would only be 800 jobs and \$800m to be lost. These estimates are totally contradicted by ABS modelling which suggests that close to 8000 jobs and \$1Bn would be lost just from the Murrumbidgee Valley. We believe that Griffith would be at greatest risk in this scenario.

In June 2010, Judith Stubbs and Associates completed an in-depth report exploring the *Relationship between Community Resilience & Irrigated Agriculture in the MDB: Social and Economic Impacts of Reduced Irrigation Water* on behalf of the Cotton Catchment Communities. Griffith was used as one of the eight case studies throughout the MDB.

The report highlights that under their modelling, with a permanent reduction in water availability (ranging from 10% to 50% of irrigation water applied in a model year) Griffith LGA could lose between 1,232 to 5,988 people and 440 to 2,139 jobs.

These losses would result in an annual loss of \$2.7Bn and a capitalised cost (lost off the balance sheet) of \$38,9Bn.

The Griffith case study revealed highest impact on jobs and population. This was due to our dependence on water, relative remoteness and the nature of our population mix. According to the report this means that we are potentially not in a good position to adapt to a major change in water availability.

The impacts highlighted in the Judith Stubbs report would impact across all sectors as highlighted earlier in the impacts that we have seen already through the drought and resultant low water allocations. The flow-on impacts will be felt Australia wide with higher grocery prices and the necessity to import food from less reliable countries just a sample of the impacts.



A hidden and unmeasurable impact of the MDBA Plan is the social and community wellbeing, primarily as by the time that people realise there is a problem it is too late. We have seen the horrific toll that the drought has taken on the farming communities with many 'single motor vehicle accidents' and suicides reported across the nation. These are the result of people who are too proud to admit that they are in trouble and need assistance until they perceive that it is too late and we will see an increase in this community loss if the basin plan is implemented in its current format. Farming communities across the basin have worked hard to etch out a livelihood in one of the harshest countries in the world and their hard work and livelihoods could be lost with the stroke of a pen from people who have little interest or knowledge of these regions.

Infrastructure for the Future

Industries in Griffith (including farming) have continually invested in improved technology and infrastructure to ensure they are utilising all their allocated water and any wastewater in the most efficient manner:

Case Study:

"In 2007 Casella Wines commissioned a Water Reclamation Facility with the capacity to treat up to 400 mega litres of wastewater per annum; this is equivalent to 400 Olympic swimming pools. One hundred percent of waste water produced is recycled and reused for irrigation on vineyards. Recently Casella Wines was the recipient of a Highly Commended honour at the Green Globe Awards 2008 for this project. Casella Wines are the largest family owned winery in Australia who crushed 170,000 tonnes of grapes in vintage 2008 equal to 10% of the national crush."

This case study is indicative of the infrastructure and environmental projects that have been undertaken by local wineries after the Riverina Winemakers Association adopted an Environmental Policy in 2006, aimed at ensuring the long term sustainability of the region's wine industry. Improvements have included the capture of rainfall and reuse of wastewater in winery operation, reduction in solid waste, reduction in electricity and gas and many other process that are still being implemented today. These are on-going processes that will continue to improve the sustainability of the industry in this region and with wineries and Council having water savings as a major focus there is a continued search across the world for better practices.

These on-farm efficiencies should have been complimented with infrastructure improvements in the delivery systems and this should be one of the areas that the Government concentrates on rather than water buyback. The Government has stated that they will only purchase water from 'willing sellers' but realistically there is no such thing as a willing seller only someone who has to sell their water to maintain viability.



We call upon the Government to investigate and fund major infrastructure improvements in water delivery and storage systems such as what has already been completed by Murrumbidgee Irrigation at Barren Box Swamp.

Located 30km north-west of Griffith, NSW, and spanning 3,200 hectares, Barren Box Storage and Wetland (BBSW) project is one of the largest water infrastructure projects in regional Australia specifically instigated to return water to the environment. The major outcomes for this project are:

- reduced water evaporation and forced releases to the lower Mirrool Creek floodway, saving an average annual 20,000 megalitres which will be returned to the Snowy River without impacting on any irrigator's entitlements
- significant benefits for the environment through the restoration of more natural flow regimes to the site and return of flows to the upper reaches of the Snowy River, as well as reducing drainage to the lower Mirrool Creek environment
- improved management and efficiency of the water storage and reduction in downstream flooding
- improved water quality for downstream users (Wah Wah Irrigators)
- preservation and enhancement of local sites of indigenous cultural significance
- the generation of considerable social and economic benefits for the local community by ensuring the continuation of sustainable irrigation in the Murrumbidgee Irrigation Area (MIA)

Any development and delivery of water efficiency infrastructure should be coordinated with Local Government Area's (LGA) and the relevant industry specialists to ensure that any funding and efficiency gains are maximised. Improvements in water delivery infrastructure will not only provide water efficiencies but will deliver more jobs to the region through construction and on-going employment opportunities, which can compliment the current strategies being developed by Griffith City Council. It is important to note that any growth in the Griffith region will have benefits on the surrounding shires and encourage growth in these regions.

The Griffith LGA produces over \$1Bn in GRP due to a diversity of industries that thrive in this region with irrigated agriculture occupying 55.6% of the land area within Griffith City Council. We have seen nearly 60% of our grape and citrus growers move to on-farm efficiencies such as drip irrigation, at a considerable expense to the individual farmers, to ensure that they conserve water. It is this foresight and commitment from our producers that has seen this valley already commit 18% of our productive water to the environment and yet we are being asked to commit another 40% to a plan that has been flawed from the start.



The farming and business sectors across this region have continually increased their on-farm efficiencies to increase production yields and reduce the amount of water used for these yields. These on-farm efficiencies have included drip irrigation, tile drainage, twin furrows, laser land-forming, on farm recycling, soil moisture retention methods such as planting and cultivation of seed grasses between rows and many other on-farm efficiencies. These on-farm efficiencies have been complimented by Research & Development from associated agricultural industries such as rice, which has seen a reduction in water used to grow rice by over 60%. This means that Australian rice growers use 50% less water to grow one kilo of rice than the world average, with most farmers able to grow a subsequent crop (usually wheat) after the rice harvest with no additional water usage. So, we are currently utilising some of the smartest farming and plant technology in the world, with Australian farmers being known as the most efficient.

To enable our farmers to become more efficient we need to increase the amount of R&D that is conducted in agriculture to ensure that continual improvements can be made in water efficiencies. Several farmers have noted that they are currently operating at maximum water efficiency after implementing on-farm improvements to reduce the amount of water used. Any reduction in allocation would mean a reduction in farming for most of these farmers due to the fact they are effectively utilising all of their current allocations. It seems as though the water efficient farmers who have been proactive in their farm management will be severely penalised by the basin plan instead of being rewarded for their efforts to reduce water use.

Economic Growth

Griffith is known world wide for the innovative and diverse range of businesses that exist in our LGA, many of whom are world leaders in their particular industry sector. With 5 of the top 10 wineries in Australia having their head offices based in Griffith and producing over 75% of NSW wine grapes and the region producing 70% of NSW citrus production, 90% of Australia's rice production, being the second largest user of stainless steel in Australia as well as having Australia's largest producer of chicken meat based here we are a major contributor to Australia's economy. The potential for this region to continue to grow through the value added agriculture sector and the attraction of less agricultural reliant industries because of our locality to the major centres is unlimited.

Council has always been strategic in its approach to business and industry attraction to the region to ensure that we provide the opportunities and potential for our local industries to grow before encouraging competition. This approach has been a driving force behind our success with most of our major employers being local family owned businesses.



Case Study:

“In 1965, Filippo Casella purchased a small farm on the outskirts of Yenda near Griffith, then in 1969, after successfully selling the grapes from his farm to local wineries, he decided it was time for a new generation to put its winemaking skills to use, and the winery was born. Today Casella wines (makers of [yellowtail]) are the largest family owned winery in Australia, exporting over 15% of Australia’s entire wine product to all parts of the world. The winery has the world’s fastest bottling line which can process 36,000 bottles per hour and they have tank sizes ranging from 2,000 litres to 1.1million litres.

Between 2001 and 2006 the winery expanded from processing 20,000 tonnes of grapes and employing 35 staff to processing 140,000 tonnes of grapes, employing 480 staff, investing \$70m in capital expenditure and bottling 12.5 million cases of wine (p.a).

The growth of this business has positively impacted on the growth of all businesses in the region.”

This case study highlights how growth opportunities can impact across all industries and with Council driving the growth of the region there can continue to be positive economic opportunities in this region. With metropolitan Australia becoming more congested and price sensitive there is the need for more decentralisation and encouragement for businesses to relocate to regional areas. The relocation of industry to regional Australia will encourage the relocation of skilled and semi-skilled workers to accommodate the employment opportunities; this will reduce the reliability on agriculture based industries in regional areas.

Final Concerns

Griffith City Council is concerned that the current plan has not considered the social and economic impacts upon the region and this has been evidenced by the quality of the MDBA scientific information which is the driving force of the report. This scientific information seems to be a blatant grab at as much water as possible, especially since the Leader of the Greens, Bob Brown, has been touting that it has been ‘scientifically proven’ that 1,500 gigalitres is needed for environmental water since 2006. Until very recently, this same figure of 1,500 gigalitres was being quoted by Mike Young from the University of Adelaide and other water experts as the best science.

The Guide, proposed by the Murray Darling Basin Authority, now claims that the best science establishes that at least double this amount, 3,000 gigalitres, is the absolute minimum and 7,600 gigalitres is a more realistic target. The major change has not been in the science, but rather expectations have grown within the ranks of Green activists, along with disdained for Australian agriculture, with rice growers in particular increasingly held in contempt.



The new Guide has been touted as independent comprehensive scientific assessment of the environmental needs of the Murray Darling Basin, yet incredibly there is no justification provided in the 223-page document for the extraordinary revision of what was 'scientifically proven" just a few years ago: the need for up to 7,600 gigalitres when previously 1,500 was considered more than adequate. Incredibly the new Guide even lacks a reference list, normally a minimum requirement for a work of science.

While scientific balance is required for the long term survival of the Murray-Darling Basin, there needs to be a common sense approach to ensure that not only the environment survives but so do the communities that rely on both the economic and environmental aspects of the basin. There has been major mismanagement of both the Lachlan and Murrumbidgee river systems for many years now by bureaucrats who don't live in the Murray-Darling Basin, are not impacted by what happens in the Murray-Darling Basin and quite conceivably have never visited the Murray-Darling Basin.

We currently have the ludicrous situation where the floods along the Murrumbidgee River (December 2010) are being further exacerbated by the continual release of 4,000 to 5,000 megalitres of water per day from the Snowy Hydro system into already overflowing Burrunjuck and Blowering Dams because of environmental flow obligations in the Snowy Hydro operating licence. These flows will continue regardless of downstream impacts and cannot be stopped until Parliament agrees to cease these flows.... commonsense should have prevailed long ago.

RECOMMENDATIONS

- **That Minister Burke throws out the existing plan and develops a new plan that delivers a win for the environment, the economy and regional communities.**
- **That the Australian Government cease the current water buyback scheme until the Parliamentary Inquiries have been completed.**
- **That the Australian Government invest money into system modernisation.**
- **That this inquiry strongly recommends to the Australian Government that Basin communities are consulted in any further proposed plans.**

Yours Sincerely

MIKE NEVILLE
MAYOR