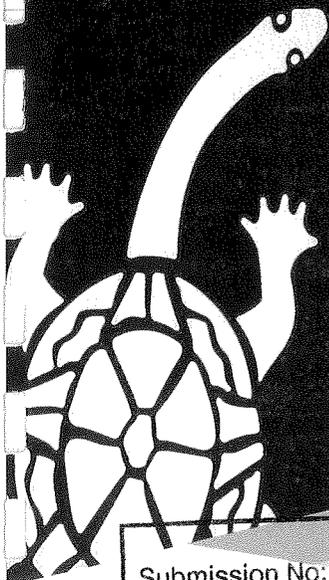




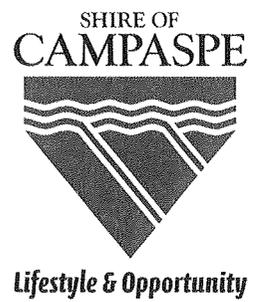
**Shire of Campaspe Submission**  
**- Addendum**  
**Parliament of Australia**  
**House of Representatives**  
**The Management of the Murray - Darling Basin**  
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## 1 INTRODUCTION

Since the issue of the guide to the Basin Plan on 8 October 2010, the Shire of Campaspe has lodged the following submissions:

1. *"Shire of Campaspe Submission, Guide to the Murray-Darling Basin Plan"*  
lodged with the Murray-Darling Basin Authority, 30 November 2010.
2. *"Shire of Campaspe Submission, Parliament of Australia – Senate Inquiry into The Management of the Murray Darling Basin"*  
lodged with the Parliament of Australia Senate, 14 December 2010.
3. *"Shire of Campaspe Submission, Parliament of Australia – House of Representatives Inquiry into The Management of the Murray Darling Basin"*  
lodged with the Parliament of Australia House of Representatives, 20 December 2010

The Shire of Campaspe is appreciative of the opportunity to make further submission to the House Standing Committee on Regional Australia.

The Shire of Campaspe is a predominantly rural area, with the majority of our land used for agriculture, particularly dairy farming, cereal and grain growing and sheep. The introduction of the Murray Darling Basin Plan is of significant interest to the Shire of Campaspe. Irrigated agriculture is the foundation of Campaspe's economy and generates 13% of economic output from the municipality, with a further 25% generated through manufacturing industry directly-related to processing of agricultural products. Agriculture is also a major employer providing approximately 16% of jobs in the municipality, with manufacturing of food-related products providing another 15% of total employment. Therefore, the immediate and long term impacts of reduced water availability on the Campaspe Community are likely to be significant, particularly with regard to income, employment and population change.

## 2 AGRICULTURE PRODUCTION AND THE ENVIRONMENT

### 2.1 Agriculture and Food Production

Family operations generate approximately 74% of food and crop production (by volume) from the Basin. Additionally, these family operations are also highly effective natural resource managers, with farmers collectively undertaking management of land/soil quality, pests, weeds, water, fire mitigation control and natural environmental care.

The implementation of the Murray-Darling Basin Plan, as proposed under the Guide would most likely result in decreased volume and variety of food production as follows:

- Increase in non-food agricultural production  
Currently corporate farms generate about 26% of agricultural production in the Basin, utilising less than 5% of total irrigated land. Much of this production is a very narrow range of high net margin crops including cotton and rice. This focus on intensive agricultural production, such as cropping for fibre and fuel, could see more corporate farms purchasing water entitlements from smaller private producers as they exit farming. Therefore corporate farms are likely to generate an increase in agricultural production, although most likely non-food related.
- Increased areas of non-productive land  
While the water is highly attractive to corporate farms, only a small portion of land vacated will be taken up by these corporate farms, due largely to the disjointed nature of the de-watered land. The likelihood that these vacated properties will then be taken up by smaller operations is limited once the land has been dewatered.
- Cost of food  
In a world already under-producing human food needs for the growing global demand, the result could contribute to an increased food shortage medium to long-term. Further to this, it is unlikely Australian dryland producers and or alternative international food producers will be able to replace the lost food volume or variety currently delivered through world-leading efficiency of the Basin's irrigated primary producers. This could lead to a marked increase in consumer costs at the supermarket or grocery shelf.

### 2.2 Environmental implications

- Land/Soil stability  
Soil erosion and dust storms were common place in southern New South Wales (NSW) and across northern Victoria prior to irrigated farming. These events have been experienced again through the prolonged dry period. This soil instability will be exacerbated where irrigation ceases and less viable farming land is vacated.
- Pests and Weeds  
Pests and invasive weeds have become major problems on many rural properties vacated by owners over the past two decades. This problem would be likely to worsen with the implementation of the Plan. There is also a risk of migration of these uncontrolled pests/weeds from these properties to others still operating, increasing associated land management costs.

- Water Quality  
Waterways are monitored and maintained by many smaller primary producers due to the close relationship they have with their land and water. As populations on rural land decline and are pushed out by corporate farming enterprises, the valuable water quality oversight and management carried out daily by current landowners would potentially reduce.
- Fire mitigation control  
Fire mitigation and management of farmed properties and environmental surrounds will reduce with lower property habitation.
- Frontline Environmental Management  
Australian farming is amongst the most environmentally-responsible farming in the world. Shifting food production to non-Australian sources might actually lead to poorer environmental outcomes globally as growing demand drives up food production in countries that have less attention or regulation for environmental protection.
- Increased Costs to Public Land Managers  
Federal, State and Local Government land management resources costs will increase given the need for increased public involvement in pest, weed, fire mitigation and land quality management controls across four states to minimise environmental degradation and mitigate an increased public risk. These tasks and associated costs are currently borne in part by landowners and their respective communities across the breadth of the Basin and will change if there is a diminished on-farm population in the future.

### **3 THE SOCIAL AND ECONOMIC IMPACT OF CHANGES PROPOSED IN THE BASIN**

#### **3.1 Economic Impacts**

In 2009, Judith Stubbs & Associates conducted a case study into the potential impacts faced by the Shire of Campaspe in the face of reduced water. The study, which specifically investigated community resilience in relation to irrigated agriculture, provides detailed assessment of the potential job losses faced by the Shire of Campaspe.

The economic and employment impacts that would occur under the proposed Plan appear unduly harsh. A minimum employment loss of 8% or 1,200 is predicted and unlikely to be absorbed in other industries. This would equate to population decreases of 3,800 for the Shire of Campaspe.

Approximately 15% of the Basin's total irrigated production revenue is generated in the Goulburn Murray Irrigation District (GMID) together with 98% of dairy production in the Basin.

Based on the relationship between reduced food production and potential job losses, it could be inferred through extrapolation that job losses across the basin could exceed 10,000.

#### **3.2 Social Impacts**

The Social impacts to the individuals, families and communities in the Basin are potentially broad, deep and far reaching. Decline in population and income of Basin communities will potentially affect the sustainability of broader community services and infrastructure funding, including roads maintenance, child care, health and aged care services. The economic vulnerability of Basin communities is greatest in towns which irrigators currently identify as places of expenditure. There are 219 such towns in the Basin:

- 50% or 110 of those towns have a population less than 1,000
- 30% or 65 of those towns have a population less than 5,000
- 80% or 175 of those towns have a population less than 5,000

Critical mass is necessary in relation to availability and affordability of all forms of community/social services, including schools, health services, and availability of daily consumables. The same is true of the social interaction drivers, the sporting and social clubs, all reliant on participation numbers to survive, all critical to good mental health and self esteem, to community cohesiveness durability and survival.

Rural mental and community health has become a major community issue and concern in recent decades. A decline in rural community/individuals social wellness, self esteem and resilience has coincided with a decline in once-common services such as the post office, a bank, a store, a pub, a butcher, a garage, a school, a kinder, a doctor, a football team, a cricket team, a netball team, etc.

The corporate farming operations increase output, however they generally employ less labour per unit of production by comparison to smaller independent operations. Therefore the reduction in farm outputs projected by the Guide due to volume/variety mix change; do not reflect the likely real, larger direct and flow-on services loss which will impact many small irrigation-intensive communities across the broader Basin.

## **4 MATTERS FOR NATIONAL AND REGIONAL CONSIDERATION**

### **4.1 Sustainable productivity and the viability of the Basin**

Investor and community confidence is undermined by uncertainty. The focus on the Basin's natural environment at the potential cost of communities and economies creates uncertainty for internal and external investment in our communities, businesses and industries, and indeed in much of regional Australia. The Guide in its current form, and the uncertainty it has created, is therefore a threat to our community and economy both immediately and longer-term.

### **4.2 National reconfiguration of rural and regional Australia**

A holistic management approach to the Basin requires a more integrated approach from the three tiers of government. Federal, State and Local Governments need greater understanding and integration of policy development and service delivery across rural and regional Australia. There needs to be a more coordinated approach to water management (currently driven by Federal and State Governments) and also to land use planning (primarily managed by Local Government).

There is opportunity to see greater benefit across the Basin by accessing the expertise of the local and regional catchment management authorities (CMAs). This also needs to be supplemented by recognising and harnessing the frontline farming and rural communities that understand their environment and its needs and behaviours.

### **4.3 The National implications of foreign Corporate and sovereign ownership**

Australia has the ability to produce high-reliability and high-quality food and agricultural products in a low-risk economic and political environment. This makes Australia's agriculture land and water highly attractive in a global environment where commodity prices and populations are on the increase. There is growing interest from foreign countries in buying into the Basin and the capital injection has been largely welcomed. However, the National implications of foreign ownership are multiple and could include reduced food availability and security for Australia, transfer of economic benefits directly offshore, and possible reductions of future trade benefits.

The Basin's role as Australia's key producer of food for both domestic and international consumption should not be jeopardised. Food security will become a major issue globally as populations continue to increase and Australian buyers grow even more savvy about good quality, environmentally responsible produce.

## **5 WATER USE AND EFFICIENCIES**

### **5.1 Environmental Flow Measures**

Environmental flows are one of the key measures referenced by the Authority in determining and justifying reduction of water diversions. The Guide details yearly water course diversions from 1997 to 2009 for each of the 18 regions of the Basin. However corresponding actual annual inflows have not been reported and not been made available. In the absence of this data real net environmental flow status cannot be established. Actual Basin inflows and net actual Environmental flows should be established and published for the period of consideration. This has real importance given:

- The significant documented salt reduction achievements by irrigators during this period to well within sustainable levels;
- Strong anecdotal and physical evidence supported by expert agreement, that Native Fish and Invertebrate numbers and water clarity have also improved during this extreme drought period in spite of reduced environmental flows ;and
- Actual watercourse diversions for irrigation use averaged around 65% of allocation limit over the past decade, 56.5% for the past five years and 39.4% over the past two years.

### **5.2 Opportunities for Water Efficiencies**

There is a range of significant and viable major infrastructure projects already identified and costed with potential to deliver major efficiency gains in the use of environmental water. A small number of projects could achieve a significant proportion of the environmental flows being sought through the Guide (in the order of 70%-80%) and most only require funding for these water savings to be realised. These opportunities should be supported over the easy target of irrigation water.

### **5.3 Options for all water saving**

There are a range of water saving/conservation plans and initiatives currently in place for initiatives within the Basin.

Potential or unrealised water savings have not been included in Guide's net environmental flows calculation model or the 3,000 GL/vera – 7,600 GL/year increased environmental flow range assumptions. Some examples are;

- Northern Victorian Irrigation Renewal Project (NVIRP) (450GL/year)
- Lindsay Lakes (220 GL/year at 5-year long term average flood event cycle)
- Hattah Lakes (742 GL/year at 5-year long term average flood event cycle)
- Gunbower Forest diversion (170 GL/year at 5-year long term average flood event cycle)

While the list above is not exhaustive it appears that annual savings, or flow gains, are readily achievable through infrastructure improvements and there is strong evidence that water saving initiatives and water transfer projects have not been exhausted. Indeed there are a numerous examples which could be explored and objectively assessed with the Whole of Environment objectives in mind.

#### **5.4 Producing more food by using less water**

There are a wide variety of initiatives currently being implemented to reduce the use of irrigation water per unit of crop value/volume and growth area. Not all are related to water delivery. Other key investigations being undertaken in efforts to target higher yield values per litre of water, such as:

- Seed development;
- Fertiliser development and optimisation;
- Multi-cropping, both parallel and series terms and many others,

The extended drought has driven many significant farm-based initiatives as farmers invested and innovated to not only become more efficient but also to protect the environment and the precious waterway systems upon which they are so dependant.

#### **5.5 Sustainable diversion limits recognising production efficiency**

Significant collective knowledge exists within the families, businesses and communities of the Basin. Through open consultation with all levels of government, primary producers, catchment management authorities, agribusiness operatives and communities, there is an opportunity to support the environmental health improvements desired for the Basin, and still maximise productive efficiency. Without the necessary level of engagement the Plan will be at risk of being poorly developed and implemented and the outcomes may not be realised.

## 6 CONCLUSION

The Shire of Campaspe supports a holistic management approach to the Murray-Darling Basin where there is a focus on 'Whole of Environment' outcomes. Core to these is the ongoing role of Basin communities as primary producers of food for Australia and overseas.

Implementation of an unbalanced plan may result in a fundamental change of ownership with a shift away from private operations to corporate operations. The consequences of this will be evident through:

- Reduced food volume produced
- Reduced variety of foods produced
- Increased cost to consumer for food at the shelf
- Increased presence of vacated land disjointed from other agricultural opportunities
- Significant reduction in employment in the Basin communities
- Environmental degradation through loss of on-farm ownership and land management
- Increased land management costs for governments
- Population decline in vulnerable communities within the Basin
- Reduced ability to deliver cost-effective services to the Basin's 2 million residents
- Lost opportunity and reduced investment through greater uncertainty

A balanced approach to management of the Basin is critical to Basin communities and Australians more broadly. Long-term benefits are available across the Basin including social, economic and natural environments; however a different approach is needed by Governments.