



Shire of Campaspe Submission
Parliament of Australia - Senate Inquiry
The Management of the Murray - Darling Basin
December 2010



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EXECUTIVE SUMMARY

The management of the Murray-Darling Basin (the Basin) must be focussed on 'Whole of Environment' objectives that strengthen the social, economic, built and natural environments for the benefit of Australians now and into the future.

The body of this submission responds to the Senate Standing Committee Terms of Reference. The attached Shire of Campaspe submission to the Murray-Darling Basin Authority (the Authority) was in response to the Guide to the proposed Basin Plan (the Guide) and provides a background reference to this submission. It conveys our community's views and concerns with inequities of the Guide. Importantly it also provides positive and constructive input on behalf of our community to re-establish faith and trust in a process that will deliver positive and balanced outcomes.

In summary, the Shire of Campaspe's responses to the nine areas of interest under consideration through this Senate Inquiry are:

1. Impact on Agriculture, Food Production and the Environment

The implementation of the Murray-Darling Basin Plan (the Plan), as proposed under the Guide would most likely result in private and family farming operations being replaced by larger corporate operations. The expected outcomes of this shift will be a reduction in volumes and variety of food produced in the Basin, and therefore available to Australians and international markets. An increase in production of fibre and fuel crops may also occur as these high-margin intensive agriculture products are generally preferred by large-scale corporation operations. The anticipated improved environmental health outcomes are at risk if a holistic view is not taken and fails to recognise that the rural and farming landscape is integrally embedded within the natural environment of the Basin.

2. Social and Economic Impacts

Social and economic impact on Basin communities as a result of significantly reduced water for irrigation would be profound and potentially irreversible. The Authority's interpretation of the Water Act 2007 was that social, community and economic needs were to be assessed after the needs of the natural environment were deemed to be satisfied. However, the claims being made on behalf of the natural environment were not adequately substantiated or communicated to the Basin communities. As a result, the economic and employment impacts that would occur under the proposed Plan appear unduly harsh. Employment loss of 1,200 and population decreases of 3,800 are projected for the Shire of Campaspe under the water reductions forecast in the Guide. The impact on a municipal population of 38,000 would be devastating. The Plan should also provide an environment that creates investor confidence in our communities, businesses and communities and the impact on food security for domestic and international consumption must be adequately considered in the management of the Basin.

3. Impact of Sustainability Productivity on Basin Viability

The impact of sustainable productivity on the viability of the Basin is to a great degree reflected in recent sentiment inferred by leading Banks regarding reduced future financial support. The focus on the Basin's natural environment at the potential cost of communities and economies has created uncertainty for internal and external investment in our communities, businesses and industries, and indeed in much of regional Australia. At this time, the State and Commonwealth Governments are part-way through their \$2 billion investment in modernisation works across the Goulburn-Murray Irrigation District (GMID). The proposed water reductions and associated uncertainty poses a risk that the opportunity to realise significant benefits from this government investment might not be achieved.

4. Opportunities for National Reconfiguration of rural and regional Australia

A holistic management approach to the Basin provides many opportunities for National reconfiguration of rural and regional Australia. In particular there is a higher opportunity for collaboration between all levels of government for the planning and delivery of many services to increase cost-effectiveness and outcomes. There is also the opportunity for a more coordinated approach to water management and to land use

planning. Greater benefits will be achieved across the Basin by accessing the expertise of the catchment management authorities (CMAs) and supplementing this with the knowledge of the farming and rural communities that understand their environment, its behaviours and its needs.

5. Opportunities for Increased Water Flow through Water-Use 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.

6. Opportunities for Water Savings

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 adequately incorporated into the Guide's net environmental flows calculation model, or the 3,000 GL/year – 7,600 GL/year increased environmental flow range assumptions. 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.

7. Increased Food Production using Innovation and Technology

There are more opportunities than ever for using innovation and technology to increase food production. The demands of the extended drought have 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. Improvements include improved farming methods, reduction of evaporation, irrigation systems watering directly to the plant root, and significant feed and water improvements in the dairy industry. Further opportunities will come as research continues into seed development, fertiliser optimisation and cropping techniques.

8. Achieving Sustainable Diversion Limits while 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.

9. National Ownership Implications

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. Therefore a balanced approach to management of the Murray-Darling Basin is critical not only to communities within the Basin, but to Australians more broadly.

The Federal Government has an opportunity to review the principles and processes used to establish a Basin-wide management regime through open consultation and collaboration with the people who inhabit the Basin. It is these people, families, businesses and communities that are fundamental to the success of any long-term holistic management framework such as that proposed through the establishment of the Plan.

1 BACKGROUND

The Shire of Campaspe is located in northern Victoria, about 180 kilometres north of Melbourne. The Shire encompasses a total land area of over 4,500 square kilometres. It has an estimated residential population of more than 38,000 people and continues to enjoy a positive population growth.

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.

The Shire of Campaspe makes this submission to the Parliament of Australia Senate Inquiry into the management of the Basin, and the development and implementation of the Basin Plan, with particular reference to the following:

1. *The implications for agriculture and food production and the environment*
2. *The social and economic impact of changes proposed in the Basin*
3. *The impact on sustainable productivity and on the viability of the Basin*
4. *The opportunities for a National reconfiguration of rural and regional Australia and its agricultural resources against the background of the Basin plan and the science of the future.*
5. *The extent to which options for more efficient water use can be found and the implications of more efficient water use, mining and gas extraction on the aquifer and its contribution to run off and water flow*
6. *Options for all water saving including use of alternative Basins*
7. *The opportunities for producing more food by using less water with smarter farming and plant technology.*
8. *Means to achieve sustainable diversion limits in a way that recognise production efficiency*
9. *The National implications of foreign ownership, including; Corporate and sovereign takeover of agriculture land and water, and Water speculators*

The Shire of Campaspe has already made a related submission to the Authority in response to the Guide to the proposed Basin Plan. A copy of Council's submission to the Guide is attached for reference.

2 COUNCIL RESPONSE

2.1 Implications for Agriculture and Food Production and the Environment

Family operations generate approximately 74% of food and crop production (by volume) from the Basin. In addition to their role as economic producers, 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. Therefore any change to the representation of these smaller privately-owned farming operations is likely to have a significant impact to agriculture, food production and the natural environment.

Agriculture and food production

Many private irrigated food producers are vulnerable after years of extensive and prolonged drought and their emotions and finances are almost depleted. The reductions in irrigation water foreshadowed under the Guide are sufficiently onerous that many farming operations will move away from privately-owned or family farming operations to be replaced by increased numbers of larger corporate farms. It is anticipated that this shift will result in a number of changes as summarised below.

- **Decreased volume and variety of food production**

An overall reduction of food volume is anticipated as a result of the smaller number of private irrigation farmers who are currently the primary food producers across the Basin. It is expected that there will also be an associated reduction in Australian food crop variety, and where variety is offered it will be in more limited volumes, often through niche producers.

- **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.

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.

In addition to this, the irrigated landscape is an integral part of the Basin's natural environment. It is common to see significant numbers of native birds and animals across the rural landscape, including during breeding seasons. Life-supporting habitat is not just confined to the river corridors and iconic wetlands. The Plan would see increased environmental flows in rivers and waterways at the cost of water in the broader landscape. It is understood that this is in response to the objectives of the Water Act 2007 in relation to honouring international conservation treaties, however, a more holistic view of the Basin's role in supporting life needs to be undertaken to ensure that these goals are achieved.

- **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.

2.2 Social and Economic Impacts

Economic Impacts

- Reduced Expenditure and Employment

The economic impacts on Basin communities arise primarily from the reduction in farm spend, reduction in secondary or supporting industries and the significant reduction in direct and indirect employment. The consequence of an overall reduction in town and district incomes is likely to result in many smaller communities becoming significantly more disadvantaged socially and economically.

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 (refer to Section 3.3.2 of attached submission). This study indicates a water allocation reduction in the order of 35% (the average projected in the Guide) can be extrapolated to a likely minimum 8% employment loss. In this scenario, the Shire of Campaspe would face in excess of 1,200 jobs lost which are unlikely to be absorbed in other industries. Given that this modelling is based on a detailed case study, it holds more credibility than the high-level averages contained the Guide which indicated job losses of net 800 across the whole Basin.

Of equal importance is the consideration the flow-on impact on populations that would arise from the economic and employment outcome projections. In the Shire of Campaspe there is a projected population decrease by a minimum of 10% in affected communities. This could mean a population reduction of 3,800 people from a Shire which has sustained strong and continual growth and had been forecast to continue as such, prior to the release of the Guide.

Approximately 15% of the Basin's total irrigated production revenue is generated in the GMID. In addition, the GMID generates 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. If 25% of those job losses became social services recipients medium/long term (as has been evidenced in other regional/rural communities experiencing major change, eg. Latrobe Valley) the annual taxpayer cost of this component alone would be around \$36 million.

- Reduced Crop Revenue

The Guide estimates reductions in crop revenue between \$0.8–\$1.1 billion per annum (equivalent to 13% - 17%) as a result of the proposed 3,000 – 4,000 GL/year reduction in irrigation water. This decline in localised percentage terms will be higher across many of the smaller crops and those regions producing wider crop variety. A mean minimum reduction of 28% water entitlement across the Basin (i.e. minimum 3,000 GL/year) will not reflect in a linear production reduction. For instance, water reduction is likely to have more of an exponential negative impact on crop viability where plantings and economic viability have a critical mass. In such instances, reductions may lead to decisions not to produce certain crop varieties at all.

The impact of the likely loss of crop diversity needs to be closely examined given its part in crop value per unit of production. The real potential crop loss value could be understated in the Guide in the reality of a non linear impact situation.

- Increased Consumer Costs at Shelf

Cost increases at the shelf are likely to be a significant and visible economic impact to Australian consumers. Likely replacement of Basin-grown food with import-oriented replacement products may result in a lowering of quality, given time/transport logistics and alternative production methods. Scarcity of a range of produce will also be likely to drive price increases particularly in relation to food varieties where reduced irrigation water will directly reduce production from the Basin. Given the Basin produces 39% of all Australian food crops, the negative economic impact on Australian consumers may be significant. Crops affected in relation to range and volume impact are likely to be family diet staples including dairy, vegetable and fruit products.

Social Impacts

The Social impacts to the individuals, families and communities in the Basin are potentially broad, deep, 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 (ref MDBP Guide vol 1 Table 7.2). 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 the 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.

There has been a trend in population and services attrition in rural communities since the mid 1970's, placing increased pressure on the many remaining smaller towns in Campaspe Shire and across the Basin more generally. Further decline in populations across the Basin will further undermine the affordability of services, and yet the services cannot reasonably be fully withdrawn.

The projections of job losses (ref. economic impact comments below) consequent to the Plan introduction would render many small communities (and some larger centres in heavily intensive irrigation production centres) non viable given loss of critical population mass. Families, many of which have been proudly contributing to the Australian economy and passionately caring for the Basin environment for generations, will suffer emotionally and financially.

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.

2.3 Impact of Sustainable Productivity on the Viability of the Basin

Investment Confidence and Financial Support

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.

At this time, the State and Commonwealth Governments are part-way through their \$2 billion investment in modernisation works across the GMID. The proposed water reduction and associated uncertainty poses a risk that the opportunity to realise significant benefits from this government investment might not be achieved.

While reduction of agricultural output was minimised during the drought, this was largely through increased debt. The Guide has been a further blow, creating further uncertainty within the community, and this is reflected in expressed Bank sentiment regarding the future financial support intent. As indicated by responses already been given to our community, the major Banks have already begun pulling back financial support from irrigation farms and associated small communities. Fully developed and well progressed business proposals are already being taken off the table by developers unable to secure future finance. Even given the best efforts and commitment of producers to the plan implementation, in anything resembling its current form, sustainable productivity and viability cannot and will not be achieved in the absence of financial institution support and commitment. Damage has already been done by the release of the Guide with financial consequences already being imposed by banks on irrigation communities within the Basin.

Balancing Sustainable Productivity with the Natural Environment

The Shire of Campaspe promotes a 'whole of environment' view for the Murray Darling Basin, where this is recognised as comprising the social, economic, built and natural environments.

The impact of sustainable productivity on the Basin need not be at the cost of the natural environment. The leveraging and exploitation of existing infrastructure and technologies, together with development of innovative new infrastructure and processes can contribute enormously to sustainable productivity, whilst delivering environmental, social and economic good health to the Basin.

2.4 Opportunities for National Reconfiguration of Rural and Regional Australia

A holistic management approach to the Basin provides, and to a degree 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.

An opportunity for reconfiguration of community services in rural and regional Australia may also be considered to ensure the most effective delivery of services is provided, and in doing so maximising accessibility of services to all. This will be delivered through new infrastructure investments, new technologies and alternative energy and resources that will enable service delivery more remotely or efficiently.

2.5 Opportunities for Increased Water Flow through Water-Use Efficiencies

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.

The environmental responsibility and water management skills of primary producers and the broader community have been evidenced during Australia's longest and most severe drought on record. Their achievements have credibility and should be given appropriate respect and recognition. It is this front-line dedication and understanding that will be essential to the success of the Plan regardless of the detail and frameworks that are still to be developed.

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, requiring only funding to be realised. The three examples provided below are not intended to provide an exhaustive list, but to demonstrate the opportunity for significant long-term efficiencies through the type of infrastructure upgrades that are being imposed on irrigation systems and users.

1. Lindsay Island works downstream of Mildura
(estimated cost \$43 million with water saving of 1,100 GL per flood event)
2. Hattah Lakes System periodic flooding as alternative to daily flows
(estimated cost \$30 million with water saving of 3,713 GL per flood event)
3. Gunbower Forest diversion flood efficiency management
(estimated cost \$25 million with water saving 740 GL per flood event)

The flow savings in these three examples indicate that significant water savings can be realised at these three sites alone over their relevant flood cycle periods which may vary between a 2-year and 7-year flood cycle. Opportunities such as these can offer a significant step towards the 3,000 GL/year estimated to be required under the Guide and should be supported over the easy target of irrigation water.

2.6 Options for Water Savings including Use of Alternative Basins

Savings within the Basin

There are a range of water saving/conservation plans and initiatives currently in place. 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 before diversion reductions proposed in the Guide should be implemented.

There are other opportunities for significant environmental flow offsets. There is strong expert opinion that the Lower Murray lakes in South Australia be opened to the ocean and water levels significantly reduced. Current salinity levels in these lakes are 4-5 times that of seawater and would actually experience a significant salt reduction if returned to its natural estuary state. With current evaporation rates of 800 GL/year from the lakes it is believed such an initiative would free a significant part of this loss to net environmental flow use further up river flow. Without underestimating the significance of these proposals, there should be further consideration of such opportunities.

Alternative Water Sources

There have been a range of proposals to introduce external flows to the Basin from other water catchments. Examples include:

- Bowering's 2007 'Multi State Water transfer Project Australia' plan, proposing the transfer of water from the Burdekin River catchment in Queensland; and
- Ord River Transfer Pipeline, proposing the transfer to both Kalgoorlie and the Basin respectively.

There is strong evidence that water saving initiatives and water transfer projects options 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.

2.7 Opportunities for Increased Food Production from Farming Innovation and Technology

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. Improvements of note include:

- Improved planning of farm methods and layouts to facilitate to reduce salt, increased water clarity and to complement native plant and animal species health;
- Reduction or elimination of evaporation through infrastructure improvements in water delivery system sand programs;
- Water delivery by broad acre below ground and above ground drip systems that deliver water directly to plant root systems; and
- Improvements and continued development in feed lot management, harvesting storage and distribution systems particularly in the dairy industry to maximise product yield per tonnage of fodder and per litre of water.

Genuine engagement, inclusion and consultation with producers will yield enormous benefit to the development of timely relevant and cost effective solutions to the Whole of Environment and ecological challenges within the Basin.

2.8 Achieving Sustainable Diversion Limits while recognising Production Efficiency

The most valuable means to establishing sustainable diversion limits while recognising production efficiency will arise from robust, disciplined and open processes for engagement with families, businesses and communities within the Basin. This will involve many stakeholders including all levels of government, primary producers, catchment management authorities, agribusiness operatives and their various representative groups.

Significant collective knowledge exists within these stakeholders, as does the opportunity to harness emerging and enabling technologies. None of the components singularly or collectively however can achieve success in the absence of a collaborative and balanced approach and an alignment of focus to achieve improved Whole of Environment outcomes for the Basin.

2.9 National Implications of Foreign Ownership

Corporate and Sovereign Takeover of Agricultural Land and Water

Globally commodity prices and populations are on the increase. Australia has the ability to produce high-reliability and high-quality food and agricultural products in a low-risk economic and political environment. The combination of these global and local environments is resulting in increased interest from overseas investors including foreign governments. While this interest results in significant capital income, there has been no rigorous assessment of the impact of foreign investment on Australia's farming communities or on food security. Foreign countries are recognising the attraction of securing their own food supplies by buying up Australian land and water and potentially bypassing trade arrangements in the future as they will have more direct control over food production on Australian land. Therefore the National implications of foreign ownership are multiple and include reduced food availability and security for Australia, transfer of economic benefits directly offshore, and possible reductions of future trade benefits.

The impact of corporate ownership on reduced food variety and volume, and increased consumer costs at the shelf have been discussed in Sections 2.1 and 2.2 of this submission.

Water speculators

The Federal Government has established sufficient infrastructure and structures to facilitate water trading where there is an evidenced need or community benefit. In such scenarios water trading could continue in the community's best interests. Water speculation however needs to be carefully controlled to ensure that Australia's most precious asset does not leave Sovereign hands. Water speculators also leave idle and out of production, as a personal investment to be sold to highest bidder. While satisfactory to the individual's needs, there is no broader local or national community benefit.

This is being further impacted on by the purchase of water entitlements by the Federal Government where only minor amounts for purchased water have been directed to achieve measurable environmental outcomes at this time. Water entitlements should carry the obligation and expectation that they will be managed for best Whole of Environment effect.

3 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. Australians are increasingly aware of the food they buy and of its origins, quality and environmental impacts. Food security will be more critical in coming decades and Australia is at risk of missing the opportunity to secure its role as the global producer of choice.

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. Council's submission to the Authority in relation to the Guide recommended the following steps to re-establish the communities' faith in the process and their commitment to balanced outcomes:

Step 1: Re-engage the Basin Communities

Step 2: Build the Case for Change

Step 3: Establish a Balanced Framework

Step 4: Demonstrate Environmental Efficiencies

Step 5: Reassess the Environmental Needs

Step 6: Plan and Implement the Change

ATTACHMENT

**SHIRE OF CAMPASPE SUBMISSION TO THE MURRAY DARLING
BASIN AUTHORITY REGARDING THE GUIDE TO THE BASIN PLAN**

SUBMITTED 30 NOVEMBER 2010



Shire of Campaspe Submission Guide to the Murray Darling Basin Plan November 2010



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EXECUTIVE SUMMARY

The Council and Community of the Shire of Campaspe hold great concern about the Guide to the Murray Darling Basin Plan (the Guide) and the impacts of the subsequent policies and plans. The attempt to establish an holistic approach to managing the resources of the Murray Darling Basin (the Basin) is commendable. However the objective should be to benefit of the natural environment as well as achieve social and economic outcomes for current and future generations of Australians. If the Murray Darling Basin Plan (the Plan) is developed on the basis of the Guide these objectives cannot be achieved. The Murray Darling Basin Authority (the Authority) must act now to change of direction so that a balanced and sustainable Plan is established.

The submission of the Shire of Campaspe (the Council) does not dwell on the technical details of the Guide. It is not the role of the community or of Council to undertake a technical critique of the Guide. This is left to those with the expertise and resources to undertake the difficult task of reviewing this complex document. Notwithstanding this, the Shire of Campaspe has significant concerns about the validity of the data, information and importantly the assumptions within the Guide. Therefore the Shire of Campaspe does not accept the premise of the Guide or its recommendations.

It is anticipated that individuals, businesses and industry groups will make submissions to the Authority. However Council takes seriously its role of also bringing the voice of the community to this process, recognising that the impacts on its community will be felt in both breadth and depth. To this end, Council has hosted five public meetings across the municipality attended by over 200 people with written feedback provided by over 60 people. Through this process the Campaspe Community (the Community) has expressed clearly its views, concerns and feelings about the Guide. The Community wishes the Authority to hear the following key themes:

- The Community is commitment to the natural environment. Significant volumes of water have already been made available to the environment through innovation, infrastructure and investment of this community. This sacrifice is not recognised or valued by the Guide.
- The Community is vulnerable after decades of drought. Financial hardship and uncertainty has had significant impact on individuals, families and communities and their resilience is low. While reduction of agricultural output has been minimised during the drought, this has largely been through increased debt. The unbalanced approach to the Guide has been a further blow to a community that is trying to look to the future but cannot plan or commit when faced by such uncertainty.
- The consequences of the Guide will be felt by all rural and regional communities. This is not just a farming issue; this is a local and regional issue that will be felt throughout families, businesses, communities, schools and service providers for current and future generations, unless balance and consideration for communities is embedded into the process.

The Shire of Campaspe makes the following submission to the Authority for its consideration:

1. The Guide does not have credibility as a whole-of-basin plan.
 - ~ The Guide does not adequately plan for an holistic approach to basin management because it is too narrowly focussed on the natural environment.
 - ~ Local expertise and skills of natural resource managers, catchment management authorities and local communities is needed if a credible whole-of-basin approach is to be established.

- ~ The Guide has not demonstrated sufficient understanding of the integrated basin systems or the role of the agricultural landscape in the natural environment.
2. The claims made on behalf of the environment are not substantiated.
- ~ The premise that water flow is the paramount factor in environmental health has not been demonstrated and communities should not be asked to accept this at face value.
 - ~ The application of the precautionary principle in the Guide to calculate the demands of the environment, instead of more detailed and rigorous assessment of environmental needs, is unreasonable and should be modified.
 - ~ Environmental infrastructure opportunities and innovative approaches should be investigated and commitment made to their implementation before reductions in water diversions are calculated.
3. The approach needs to be balanced
- ~ Consideration of the Basin's environment must include consideration of the Basin's communities.
 - ~ The economic and employment impacts under the Guide must be more rigorously assessed and considered at local, regional and basin-wide levels.
 - ~ The Plan should provide an environment that creates investor confidence in our communities, businesses and communities, and does not threaten investor confidence.
 - ~ The Authority should advocate to the Commonwealth Government that buy-back be restrained until a strategic framework is established.
 - ~ The impact on food security for domestic and international consumption has not been adequately considered in the Plan.
4. The need for community buy-in and support for the plan
- ~ The front-line environmental managers found within the Basin Communities themselves should be engaged to bring their skills and knowledge base to the benefit of the development of the Plan and its future implementation.
 - ~ Water savings and environmental flow contributions made to date should be acknowledged, and the baseline for both diversion limits and environmental flows must be clearly documented and communicated.
 - ~ There is a critical need to re-establish the Community's faith in the process before the Plan is developed in detail.
5. Time must be available to establish a workable solution
- ~ The intent of Parliament to consider the Plan is clear, but so is the recognition that more time is needed to get the right solution.

Perhaps the most fundamental shortcoming of the Guide has been the failure to demonstrate to the Basin communities that there is a need for change. The Murray Darling Basin Plan and the objectives of the Water Act 2007 will not be achieved without the support of the community. It is therefore critical that the Authority and the Commonwealth Government reassess and reconstruct their engagement and development processes for the Plan to ensure that the community can understand and accept the need for change. Council recommends the following way forward:

Step 1: Re-engage the Basin Communities

Step 2: Build the Case for Change

Step 3: Establish a Balanced Framework

Step 4: Demonstrate Environmental Efficiencies

Step 5: Reassess the Environmental Needs

Step 6: Plan and Implement the Change

The Shire of Campaspe knows that if the productive base of agriculture is diminished, then the standard of living for our communities will also diminish. The irrigated water reductions indicated in the Guide could result in job losses of approximately 10% across the municipality. The Community does not have the resilience or opportunity to recover from this scale of impact. Council doesn't want to talk about buy-back, financial compensation or other compromises until Steps 1 to 6 above are completed. Only then can the true impact on the natural environment and basin communities be determined and the right response be known.

1 BACKGROUND

The Shire of Campaspe is located in north central Victoria, about 180 kilometres north of Melbourne. The Shire encompasses a total land area of over 4,500 square kilometres. It has an estimated residential population of more than 38,000 people and continues to enjoy a positive population growth.

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 and concern 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 providing another 15% of 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.

Council recognises its role in bringing the voice of the community to this important discussion as the Guide is released and considered. To foster open discussion with its community, Council held four major public forums across the Shire and a fifth forum in partnership with its neighbouring interstate Council, Murray Shire. These forums have attracted wide attendance and provided an opportunity for community members to give voice to their concerns, and to express their expectations of Council, the Authority and the Commonwealth Government in relation to this important matter. Issues raised at the Council-run forums were reiterated at the Authority's presentation in Echuca in November attended by over 1,600 people.

Like many other basin communities, the Shire of Campaspe has experienced and adapted to severe and prolonged drought. Individuals, businesses, community groups and local government recognise that water availability and water security looks very different in the future compared to what has been the case in the past. Council feels that the resilience and resourcefulness of Campaspe communities has been commendable. However, unless a more balanced and considered approach is established, the consequences of the Murray Darling Basin Plan as forecast through the Guide may be beyond the community's ability to adapt.

The Shire of Campaspe is an engaged community that wants and needs to have its voice heard.

2 THE COMMUNITY REACTION

Concerns, views and stories have been gathered from Campaspe communities through the Council-hosted public forums, feedback sheets and case study forms. The many personal stories are worthy of an individual recognition that is not possible in this submission. However the stories shared by these individuals reveal common themes across the municipality. Council puts forward the summary below using language and phrases that best reflect the feelings and opinions of the Campaspe communities:

10. *Further water reductions will impact the viability of small farms and businesses and have significant negative impacts on small communities. This threatens the delivery and sustainability of services for those left behind when rural communities and the agricultural landscape becomes further fractured.*
11. *Mental health in rural communities has suffered through years of drought and the resulting bankruptcies, unemployment and financial difficulties. Personal and family breakdowns are experienced in higher proportions than ever before, and a further threat to the economy through water reductions will be a blow that could have grim consequences to families and communities across the Shire.*
12. *We have improved river health against a whole range of measures in the worst of droughts. Where is the acknowledgement for these efforts? We have been innovative. We have made sacrifices. We have given water to the environment. Will it count for anything?*
13. *Improvements have been made in addressing salinity in the Basin. In many of our rivers there is better water clarity, more native fish and more invertebrates as a result of the efforts of local communities who take the environment seriously. If the community is given the time, the chance, the investment and a fair water share, it can do even more to improve the environment.*
14. *We need to retain crop diversity in our agriculture. Those best-placed to survive the impacts of the Basin Plan are the corporate farms who will focus on high-profit broad-acre planted cotton and crops, not food diversity or feeding the world.*
15. *Research should be completed on water transfer from other parts of Australia into the Basin, and water efficiency capital projects already vetted and costed should now be funded and built.*
16. *How can a 3,000-7,600 GL/yr reduction in water be justified instead of starting with zero reductions in diversions? What happened to starting with the status quo and then justifying the need for change?*
17. *The models used to calculate the net lost jobs across the basin over-state the opportunities for people to move across industries and thus find new employment. This might be valid in larger, urbanised regional centres, but through their inclusion in these models the job losses in smaller towns and rural communities is being hidden. It is nonsense and an insult to state a job loss of 800 jobs across the Basin. In regional communities it could be a greater magnitude.*
18. *Why haven't the 10 most recent years of actual flows and diversions been compared and published? They would challenge the averages used for the development of the Guide and their omission is another indicator that the environmental needs are not being thoroughly calculated.*
19. *Banks are already pulling back from supporting farms and small communities. They have told us that towns under 25,000 people are not a good investment, that their financial risks are too high and that they don't think we are viable. Business proposals are already being taken off the table by developers. Communities need banks and investors to have confidence in their communities to help us build a future.*

20. *How can precedence be given to International treaties over our own efficient communities? Overseas producers will be lining up to take our markets and send their produce to us, but they won't play by the same environmental, safety and quality rules.*
21. *Metropolitan audiences are given a wrong and unfair image of Australian farmers and rural communities. Most don't understand that Australian farming is amongst the most environmentally responsible in the world. Farmers view themselves as custodians of the land and usually have the greatest positive impact on the environment because they are closest to it.*

All community comments offered at the five Council-run forums have been captured by Council, in addition to over 60 written feedback submissions. A summary of comments made at each of the public meetings across the Shire is available via <http://www.campaspe.vic.gov.au/level3.asp?menuID=16&pageID=112111>.

3 COUNCIL COMMENTS ON THE GUIDE

3.1 Local Expertise is Critical to Establish a Valid Whole of Basin Approach

The Shire of Campaspe recognises the need to find ways to protect our natural environment with secure, clean supplies of water. This needs to be balanced with the needs of regional communities and our role in the Goulburn-Murray Irrigation District (GMID) as one of Victoria's major food bowls.

The Guide does not adequately plan for a holistic approach to basin management because it is too narrowly focussed on the natural environment.

The whole-of basin approach will be deficient unless there are partnerships at all levels, but particularly with local natural resource managers and local communities. A basin-wide understanding will be created best through bringing together the Authority's resources with the knowledge and expertise of local catchment management authorities (CMA's) and the skills and experiences of communities who live at the closest to the environment and care for it day-to-day.

Local expertise and skills of natural resource managers, catchment management authorities and local communities is needed if a credible whole of basin approach is to be established.

A practical and effective approach to managing the resources of the Murray Darling Basin and the natural environment requires detailed understanding of the Basin's complex relationships between its catchments. This understanding is best developed through close association with State Government departments responsible for natural resources and by working with the CMA's who are best placed to understand the needs and functions of their relative catchments and communities. In addition the role of the agricultural landscape in the natural environment is not adequately recognised. Life is not constrained to river corridors. The removal of water from the soils, dams and pastures of the agricultural landscape may have detrimental effects on flora and fauna that appear to have been inadequately recognised or considered.

The Guide has not demonstrated sufficient understanding of the integrated basin systems, nor the role of the agricultural landscape in the natural environment.

3.2 Claims made on Behalf of the Environment are not Substantiated

The Guide and the process by which it has been developed have failed to:

- i) Substantiate the claim that increased water flows are critical to the health of the natural environment in a manner that Council and Community can understand and accept and therefore have failed to establish the need for change;
- ii) Explain how environmental waters will be used in the most efficient and effective manner due to the absence of an Environmental Watering Plan and therefore industries and communities are concerned that the confiscation of water for the environment might be exceed needs and cause unnecessary detrimental impact;
- iii) Demonstrate that environmental outcomes are achievable so that rural communities have confidence that water taken from productive use will not be wasted; and

- iv) Establish performance measures to demonstrate how environmental outcomes will be demonstrated.

The underlying premise of the Water Act 2007 and the Guide to the MDBP is that the natural environment needs increased water flows. And yet most people that live closest to the natural environment, the basin communities themselves, have observed that even in the face of drought:

- Irrigators have achieved a documented decline in salinity levels to well within sustainable levels through changed salinity management approaches; and
- There is strong anecdotal and physical evidence that native fish and invertebrate numbers have improved during this extreme period.

Our community understands that these improvements are not found in all parts of the Basin. Nevertheless, there is sufficient evidence of environmental health improvements to make communities want to challenge the claims made that the Basin health is in irreversible danger.

There are in the order of 18–22 generally accepted environmental criteria in establishing and measuring environmental health. It is not appropriate for the Guide to adopt one factor, water flow, as the prime contributor to environmental health without demonstrating that this is a valid approach.

The premise that water flow is the paramount factor in environmental health has not been demonstrated and communities should not be asked to accept this at face value alone.

The legislative framework established through the Water Act 2007 was developed at a time of heightened focus on climate change. As a result the precautionary principle was applied to the Water Act 2007 and subsequent Guide to the Plan. More recently weather patterns have been seen to change again in our region with rainfall amounts returning to levels similar to the past. The context of the Water Act 2007 has resulted in an overly conservative approach on behalf of the environment that might not be valid or necessary and this should be reviewed.

The application of the precautionary principle in the Guide to calculate the demands of the environment, instead of more detailed and rigorous assessment of environmental needs, is unreasonable and should be modified.

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, requiring only funding to be realized. The three examples provided below are not intended to provide an exhaustive list, but to demonstrate the opportunity for significant long-term efficiencies through the type of infrastructure upgrades that are being imposed on irrigation systems and users.

4. Lindsay Island works downstream of Mildura
(estimated cost \$43 million with water saving of 1,100 GL per flood event)
5. Hattah Lakes System periodic flooding as alternative to daily flows
(estimated cost \$30 million with water saving of 3,713 GL per flood event)
6. Gunbower Forest diversion flood efficiency management
(estimated cost \$25 million with water saving 740 GL per flood event)

The flow savings in these three examples indicate that significant water savings can be realised at these three sites alone over their relevant flood cycle periods which may vary between a 2-year and 7-year flood cycle. Opportunities such as these can offer a significant step towards the 3,000 GL/year estimated to be required under the Guide and should be supported over the easy target of irrigation water.

Environmental infrastructure opportunities and innovative approaches should be investigated and implementation committed before reductions in water diversions are calculated.

3.3 The Approach needs to be Balanced

The need for a balanced approach is evident to all parties or observers to this process and has been a key theme conveyed to the Authority since 8 October 2010. The Guide, including the key study measures, definitions and supporting science, is too narrow and one-dimensional. The Guide lacks a genuine reflection of environmental, social, community and economic balance and reality. Of particular concern are the following:

1. The definition of the 'Basin Environment' as exclusive of its 2.5 million inhabitants, their communities and the intrinsic social fabric which underpins them is inappropriate. The Authority's consideration of 'Community Social and Economic' outcomes as secondary to its consideration of 'The Environment' and 'International Treaties' condemns Basin Communities as necessary collateral damage. This is reflected in the Guide by the minimum allocation reduction starting point not at zero but rather 3,000 GL/yr ranging up to 7,600 GL/yr. This 'Top Down Methodology' of establishing the non-human environmental water resource requirements first and subsequently allocating the remaining water for agricultural production and community living needs reflects an apparent misunderstanding of the constraints of the legislation.

Consideration of the Basin Environment must include consideration of Basin Communities.

2. The socio-economic assessment to date has not been adequately conducted or considered. The impacts on economies and employment forecast in the Guide have been publicly acknowledged by the Authority itself as one of weakest elements in the Guide preparation. 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 investigated community resilience in relation to irrigated agriculture, stated that:

The primary effect will be a loss of employment, ranging from at least a 2.2% loss (339 jobs) predicted from a 10% reduction in water availability, 5.4% loss (847 jobs) predicted from a 25% reduction in water availability, to a 10.9% loss (1694 jobs) predicted from a 50% reduction in water availability, including direct and indirect employment in agriculture and multipliers. Given the job loss experienced during the recent drought (prior to 2005/2006) and the fact that irrigated agriculture is anecdotally stated to have higher multipliers than the average for agriculture, and the likelihood that some agricultural jobs have not been identified in our analysis, this is almost certainly an underestimate. Subsequent population loss is estimated as at least a 2.6% loss (949 people) predicted from a 10% reduction in water availability, a 6.6% loss (2,372 people) predicted from a 25% reduction in water availability, to at least a 13.1% loss (4,744 people) predicted from a 50% reduction in water availability.

If this is the situation faced by the Shire of Campaspe it is reasonable to anticipate similar impacts across many of the basin communities. It also makes the forecast of 800 jobs across the Basin appear absurd.

The economic and employment impacts under the Guide must be more rigorously assessed and considered at local, regional and basin-wide levels.

3. 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. At this time, the State and Commonwealth Governments are part-way through their \$2 billion investment in modernisation works across the Goulburn-Murray Irrigation District (GMID). The proposed water reduction and associated uncertainty poses a risk that the opportunity to realise significant benefits from this government investment might not be achieved.

The Plan should provide an environment that creates investor confidence in our communities, businesses and communities, and does not threaten investor confidence.

The situation is exacerbated by the Commonwealth Government's continued push for water buy-back without a strategic framework, leaving behind a fragmented agricultural landscape which places increased stress and hardship on remaining farmers and rural communities.

There must be co-ordination between local government planning schemes (strategic land use planning), infrastructure investments and buyback locations. This inclusion is vital to avoid inconsistencies that result in fragmented land and stranded assets.

The Authority should advocate to the Commonwealth Government that buy-back be restrained until a strategic framework is established.

4. The food production capacity of the GMID and the Murray Darling Basin overall has been a foundation for both domestic and international food supply. The export performance of the region has been a long-standing success for Australia and becomes more critical as we face growing populations domestically and globally. If there is not a more balanced approach to the Plan than proposed in the current Guide, this will be seriously threatened. The consequences of this have not been adequately considered to date, and the Guide creates questions about the Commonwealth Government's position on local and global food production. Australians are more aware and more concerned than ever before about the source of the food they consume. The Government claims to be planning for a growing population and yet food security has not been adequately considered in the Guide. Reduced productivity in reliable food bowls such as the GMID will drive prices up such that healthy and safe locally-produced food will not be available to all Australians.

The impact on food security for domestic and international consumption has not been adequately considered in the Plan.

3.4 The Need for Community Buy-In and Support for the Plan

The frugality, environmental responsibility and water management skills of primary producers and the broader community have been evidenced during Australia's longest and most severe drought on record. Their achievements have credibility and should be given appropriate respect and recognition. It is this front-line dedication and understanding that will be essential to the success of the Plan regardless of the detail and frameworks that are still to be developed.

The front-line environmental managers found within the Basin Communities themselves should be engaged to bring their skills and knowledge base to the benefit of the development of the Plan and its future implementation.

Victorians are proud of what they have achieved through innovative practices and their contributions to the Living Murray and other programs are deserving of recognition. Their sacrifices and achievements have not been valued or recognised by the Guide. Environmental benefits have not been demonstrated from the water already made available to the environment. Further sacrifice is being asked from these communities while they are still vulnerable from years of drought and before benefits from previous savings have been demonstrated.

Water savings and environmental flow contributions made to date should be acknowledged, and the baseline for both diversion limits and environmental flows must be clearly documented and communicated.

The Guide has been received with scepticism by our Community not just because of the lack of apparent understanding of local impacts, but because previous policy development processes have left communities feeling that too often requests for engagement and community input is tokenistic and does not influence outcomes.

There is a critical need to re-establish the Community's faith in the process before the Plan is developed in detail.

3.5 Time must be Available to Establish a Workable Solution

The commitment from the Commonwealth Government is clear. At an address in Adelaide on 11 November 2010 Prime Minister Gillard made two critical statements:

- i. *The Authority has already said that its original timeline, the end of 2011, will be difficult to achieve. If a few extra months mean that we can get a workable solution and restore the river to health, then that is the right way to proceed.*
- ii. *Whether the Plan goes to the Parliament at the end of 2011 or the beginning of 2012, I can absolutely state this. The Plan will go to this Parliament.*

The intent of Parliament to consider the Plan is clear, but so is the recognition that more time is needed to get the right solution.

4 A RECOMMENDED WAY FORWARD

The Authority has an opportunity and obligation to establish a sustainable and balanced Basin Plan. In October 2010, the Commonwealth Government Solicitor advised that under the Water Act 2007 legislation “**that environmental, economic and social considerations are central to the Water Act and that the Basin Plan can appropriately take these into account**”. These considerations must now be reflected as a priority as the Authority develops the Plan.

Through this submission, the Shire of Campaspe recommends to the Authority and Commonwealth Government that the process for development and introduction of the Murray Darling Basin Plan be reviewed with the intention of:

1. Re-establishing the Community's faith in the process; and
2. Delivering an holistic Plan that considers social, economic and environmental factors in a balanced framework.

The objective must be to satisfy the requirements of the Water Act 2007 in a manner that will deliver benefits to the natural environment and social and economic needs of all Australians for generations to come. To this end the Shire of Campaspe recommends the following steps be undertaken:

Step 1 : Re-engage the Basin Communities

- Both the Parliamentary Inquiry and the Authority's study into Local Community Impacts must be based on engagement at the local community level. Socio-economic theories do not adequately build an understanding of impacts if they have not been ground-truthed.
- The role and value of Local Government and industry groups as vehicles for community engagement should be recognised and incorporated into engagement processes.
- The Regional Development Australia (RDA) committees should be used to leverage regional relationships and understanding and RDA committees should be fully engaged with Local Government to support communities through improved processes.

Step 2 : Build the Case for Change

- Water flow as the key environmental success criterion must be either validated or modified. Additional environment criteria should be considered and a defensible set of criteria should be established.
- Measures should be established that enable communities to recognise and monitor environmental health of rivers and the basin overall for their own understanding of any need for change.
- The Authority must engage with the CMA's to leverage their skills and local expertise as part of an enhanced process to validate scientific conclusions upon which the Guide has been founded.

Step 3 : Establish a Balanced Framework

- The environment needs to be considered in its broader context. The 2.5 million inhabitants of the Basin and need to be recognised.

- Recognise the role of the farming landscape as an integral part of the natural environment, and the environmental risks associated with removing water from this landscape.
- Recognise the economic future of the Basin communities and its critical importance in domestic and global food production and in supporting growing populations.

Step 4 : Demonstrate Environmental Efficiencies

- Investigate and exhaust innovative models and infrastructure to environmental water management, demonstrating equal accountability to that expected of irrigated water users.
- Demonstrate environmental outcomes through agreed performance measures.

Step 5 : Reassess the Environmental Needs

- Reassess the environmental health of the Basin.
- Determine if there is still a gap in environmental water needed to sustain the basin to the agreed standard.

Step 6 : Plan and Implement the Change

- Work with the Basin Communities on balanced sustainable solutions and incorporate into the Plan.
- Implement the changes needed and monitor their success, challenges and impacts.