National Farmers' Federation

Submission to the Senate Committee for Environment and Communications Legislation Inquiry into the Water Amendment Bill 2015.

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NFF Member Organisations

Australian Chicken Growers' Council Ltd

AGFORCE

ALPA

Animal Medicines Australia

Australian Livestock Exporters' Council ALEC

Australian Dairy Farmers

AUSTRALIAN Pork

AUSTRALIAN VETERINARY ASSOCIATION

PURE BEECHWORTH HONEY 100% Pure Australian Honey

CANEGROWERS

CATTLE COUNCIL OF AUSTRALIA

CORPORATE AGRICULTURAL GROUP

COTTON AUSTRALIA

dried fruits australia

Future Farmer Network

Goat Industry Council of Australia inc.

GrainCorp

Grain Growers
Real benefits. Real results.

NSW FARMERS

NEW SOUTH WALES IRRIGATORS' COUNCIL

The Pastoralists' Association of West Darling

PET
Primary Employers Tasmania

RGA
RICEGROWERS' ASSOCIATION OF AUSTRALIA INC

RIDLEY

Agriculture's Future Your Future ↔ Our Future TFGA

Victorian Farmers Federation

WAFARMERS

WOOLPRODUCERS AUSTRALIA

The National Farmers' Federation (NFF) was established in 1979 and is the peak national body representing farmers, and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities. The NFF's membership includes those affected by water management decisions including irrigators, riparian and floodplain landholders.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

Following a restructure of the organisation in 2009, a broader cross section of the agricultural sector has been enabled to become members of the NFF, including the breadth and the length of the supply chain.

While our members address state-based 'grass roots' or commodity specific issues, the NFF's focus is representing the interests of agriculture and progressing our national and international priorities.

The NFF has for 36 years consistently engaged in policy interaction with government regarding a range of issues of importance to the sector including trade, education, environment, innovation to name a few.

The NFF is committed to advancing Australian agriculture by developing and advocating for policies that support the profitability and productivity of Australian farmers.

Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental sustainability.

Social >

There are approximately 115,000 farm businesses in Australia, 99 percent of which are family owned and operated.

Each Australian farmer produces enough food each year to feed 600 people, 150 at home and 450 overseas. Australian farms produce around 93 percent of the total volume of food consumed in Australia.

Economic >

The agricultural sector, at farm-gate, contributes 2.4 percent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2013-14 was $51 billion – a 6 percent increase from the previous financial year.

Yet this is only part of the picture. When the vital value-adding processes that food and fibre go through once they leave the farm are added in, along with the value of all economic activities supporting farm production through farm inputs, agriculture's contribution to GDP averages out at around 12 percent (over $155 billion).

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 52 percent of Australia's land mass.

Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 94 percent of Australian farmers actively undertaking natural resource management.

The NFF was a founding partner of the Landcare movement, which in 2014, celebrated its 25th anniversary.

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1. Introduction

The NFF welcomes the opportunity to provide a submission to the Senate Environment and Communications Legislation Committee Inquiry into the Water Amendment Bill 2015.

The National Farmers' Federation (NFF) strongly supports the passing of proposed amendments to the *Water Act 2007*, subsection 85C(1), which imposes a duty on the Commonwealth not to exceed the 1500 gigalitre limit (GL) on surface water purchases in the Murray-Darling Basin at the time of entering into a 'water purchase contract'; and Basin Plan 2012 to provide flexibility in the recovery of 450 gigalitres of water for the environment through efficiency measures funded under the Water for the Environment Special Account, without caveat.

This policy is consistent with the Coalition's Water Recovery strategy released in June 2014 and is an excellent example of how to achieve good environmental outcomes while also taking steps to reduce the social and economic impacts of the Plan on rural and regional communities.

Government can best help MDB farmers by minimising the social and economic cost of that adaptation by careful consideration of issues already raised in previous reviews and independent studies.

2. Social and economic impacts of MDB Plan

Much work has already identified rural communities that are at risk of significant impacts from water reform and reduced water availability as a consequence of the MDBP implementation. In many MDB communities, the fear of water policy and its potential impacts far outweighs the fear of climate change.

The 2014 annual Regional Wellbeing Survey conducted by the University of Canberra provides a contemporary snapshot of the perceptions of rural and regional Australians in the Basin to water reforms that are not captured in traditional data sources. This survey identified a decline in both individual and community wellbeing in MDB regions affected by extended drought and MDBP changes. This research showed that poorer wellbeing is occurring not only for farmers experiencing drought but across the entire community, which experiences the flow-on effects of changes in these industries.

Water policy needs to be considered in the context of declining terms of trade for farmers, which has had negative implications for many local communities. This is compounded by subsequent population loss, business closures, the continual decline in agricultural employment and an aging farming workforce.

Ongoing speculation over how water is to be allocated coupled with previous experiences of secrecy and poor communication from the MDBA has caused significant uncertainty and discontent within MDB agricultural communities.

The NFF calls for Coalition, Labour and cross bencher's to work together in a bipartism way to provide more certainty to MDB communities by passing these proposed amendments to the *Water Act 2007*.

3. Focus on water efficiency measures

The Government needs to adopt a long-term focus on adaptation rather than short-term crisis management through water buy backs.

Independent studies conducted to inform the development of the Basin Plan showed that water buybacks have greater localised social and economic impacts on irrigation dependent communities than investment in water efficiency projects.

For example, Arche Consulting was commissioned by the Department of the Environment and the Murray-Darling Basin Authority in 2011 to develop local case studies that modelled the impacts of different Basin Plan scenarios on irrigation communities. Scenarios included those with and without infrastructure investment. The study concluded that:

'Investment in infrastructure projects results in water savings being retained on farm, and contributing to direct employment in agriculture. There are also flow-on impacts in the local economy from the retained agricultural production'.

These offsetting benefits were long term, and additional to the short-term stimulus associated with increased investment in jobs during the construction phase of projects.

In December 2012 Dairy Australia commissioned RMCG to conduct a cost-benefit analysis of farm irrigation infrastructure upgrades on 10 dairy farms in northern Victoria and the NSW southern Riverina. Key findings from this independent study included that:

- Buybacks of irrigator entitlements cost the Australian Government around $2000/ML, but are associated with reduced regional farm productivity. This in turn reduces regional economic activity by around $4300 for every megalitre purchased by the Australian Government.
- Upgrades cost the Australian Government about $3700/ ML for the environment's share of water savings. However, upgrades delivered $9800/ML worth of increased farm productivity (annualised capital value). Using this water to increase production generates additional regional economic activity worth $6200/ML.

The irrigation industry is now a very active participant in water efficiency projects and will continue to adapt to deliver projects to implement the MDB plan. Leaving water in production means that less jobs will be lost on farms and important downstream processing industries. It is this employment on our farms, in our milk factories, our rice mills, cotton gins, wineries, and nut and fruit processing facilities that provides the economic and social backbone of many communities in the Basin.

4. Next steps

For the Basin Plan to be a success, we need a holistic view that balances the social impacts on communities, the economic success of water-dependent industries and the needs of the environment.

MDB rural and regional communities have a need and right to know what the MDB Plan will deliver and what mix of policy and programs will be used to recover remaining volume of water required to 'bridge the gap' between previous levels of extraction and the requirements of the Basin Plan.

Any shift away from the passing of the proposed 1500 GL cap on water buyback amendments would be likely to provoke further uncertainty and distress for these struggling communities in one of Australia's most significant agricultural areas.

We look forward to continued dialogue with the Government and the MDBA to continue to improve the MDBP and to ensure that the MDBP implementation program is appropriately focussed on providing more policy certainty and to finding all the possible water savings which can be achieved from investing in infrastructure projects such as pipes and weirs, and ensuring that environmental water is used as efficiently and effectively as possible.

The NFF recommends that the federal government avoid further delays on passing legislation for its promised cap of 1500 GL on water buybacks in the Murray-Darling Basin Plan and strongly supports the passing of proposed amendments to the *Water Act 2007*.