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The Committee Secretary,
Senate Standing Committee on Environment, Communications and the Arts,
PO Box 6100,
Parliament House,
CANBERRA ACT 2600

Dear Committee Secretary,

Senate Inquiry into Water Licences and Rights

Thank you for the opportunity of making a submission to the Senate Standing Committee in relation to a range of matters relating to the ability of the Commonwealth to sustainably manage water resources in the national interest.

The thrust of this submission is to draw the Senate Committee's attention to the critical importance of the Commonwealth Government adopting and implementing a holistic national approach to the inter-related issues of water resources, environmental water needs, food production and security, sustainability of rural communities and regional development in general.

The Riverina and Murray Regional Organisation of Councils (RAMROC) represents the interests of 18 Local Government Councils and their communities in the Murray and Western Riverina of south west New South Wales. The region, which covers an extensive area of 126,595 sq km with a population of 165,474 persons, encompasses the significant regional urban centres of Albury and Griffith, medium size rural towns and small farming communities extending across the Murray, Murrumbidgee, Lower Murray-Darling and Lachlan River catchments.

A large proportion of the region comprises both dry land and irrigated agriculture, which is a key driver of employment and economic sustainability of many of the rural towns and communities. Water security, food production and food processing are very much the lifeblood of our irrigation districts.

The RAMROC region is an important food source for both Australian consumption and export earnings. In 2006-2006, which was perhaps the most recent "near average production year" in this current prolonged drought period, the Annual Gross Value of agricultural production was \$2.2.billion at the farm gate, which of course multiplies into substantially more billions of dollars in added value. This represents 10% of national and 25% of NSW total agricultural production.

The region produces a wide range of summer and winter grain crops, fruit, vegetables, horticulture, viticulture, dairy and beef livestock. Agriculture directly employs 30,000 people in the region, which is 37% of total regional employment and processing of those products employs a further 17,000.

Water security ensures food security. Everything the world's peoples eat needs water to grow. Our communities are greatly concerned that the combined impacts of climate change,

droughts and the Commonwealth Government's \$3.1 billion program to acquire water entitlements for environmental purposes in the Murray Darling Basin will reduce the availability of irrigation water. This in turn will have devastating effects on the capacity of the region to continue to produce food and will therefore result in the decline of our rural communities

In the long run, if the nation's agricultural production capacity diminishes, then clearly the likely outcomes will be reflected in food shortages and much higher prices for consumers and loss of export opportunities.

Against that background, RAMROC convened two summits in September 2008 to bring together key industry stakeholders and community organisations to address these critical issues. The principal outcome of those summits was to develop a RAMROC Water4Food community based campaign, which aims to work co-operatively with Commonwealth and State Governments to achieve the following objectives:-

- A rational and sustainable balance between environmental water needs, maintaining irrigated food production levels and ensuring the long term sustainability of rural towns and communities;
- Fair and equitable treatment of Murray, Murrumbidgee, Lower-Murray Darling and Lachlan valleys in relation to water entitlement acquisition programs by Governments;
- Long term fixed and guaranteed allocation of water resources to ensure security of food production levels.

RAMROC is the central co-ordinator of the Water4Food Campaign. I am separately attaching an electronic copy of a recent Water4Food Powerpoint Presentation, which clearly summarises the background and purpose of the campaign. It would be appreciated if the Senate Committee would accept that electronic document as part of this submission and the RAMROC Executive would be pleased to make a personal presentation to the Senate Committee if requested to do so.

On 15th September 2009, RAMROC met with members of the Productivity Commission, which has been requested by the Commonwealth Government to undertake a detailed study into alternative market mechanisms that the Australian Government might use to diversify its purchase of water entitlements in the Murray Darling Basin.

Understandably, a significant part of our meeting with the Productivity Commission concentrated on the current strategies of the Commonwealth Government's \$3.1 billion water buyback program, with which RAMROC Councils have serious concerns regarding its methodology and community impacts. A number of key points made to the Productivity Commission are considered to also be highly relevant to the issues which are being studied in your Senate Inquiry, including:-

- The critical importance of food production, not only to the economy of this region and its communities, but also both nationally and internationally;
- Global stability and economic strength are very much underpinned by global food security
- The current buyback program appears to have no overall strategic plan, nor due consideration to the differing catchments throughout the Basin, in terms of the environment, agriculture and communities;
- The program appears to give due regard to catchment-specific issues; locations of water being sourced, socio-economic impacts on affected communities or consequences for existing irrigation assets and infrastructure networks. It represents an unmanaged "swiss cheese:" approach, with potential to leave lots of stranded assets.

- The prolonged drought has already had a devastating effect on farmers and communities and continues to do so. As such, farmers are very vulnerable personally and financially at the present time and this is reflected by the number of farmers now offering to sell water to the Government. There are a variety of reasons, including pressure from financial institutions, debt retirement or reduction, downsizing farm production, family succession planning, or simply leaving the rural industry altogether;
- There continues to be no indication from Government as to the target quantity of water which is proposed to be acquired for environmental purposes. We know that estimates put forward by some groups seem to increase from time to time and were recently quoted as being as high as 4,000 GL.
- However, the new Murray Darling Basin Authority has indicated that the quantities and delivery mechanisms to meet environmental needs are currently not known, but will form part of the new Murray Darling Basin Plan, which is not due to be finalised until 2011 and not applicable until 2014 in most states and 2019 in Victoria;
- The new MDB Plan is proposed to incorporate an Environmental Water Management Plan (EWMP), but again details will not be available until 2011. RAMROC Councils are concerned that even at that stage, the EWMP may not be specific in detail as to identification of environmental needs within catchments; the relative importance and cost benefit of watering those environmental sites; the extent of water required at source; transmission/distribution losses; methods and timing of delivery and the myriad of other factors that need to be assessed by MDBA;
- The MDB Plan must examine all of these issues on a catchment by catchment basis – the plan needs to be exhaustive and specific in detail as to the relative merits of the environment in the context of the overall national interests, including agricultural productivity, food security, trade and export opportunities and regional Australia as a whole;
- Without water, the future of irrigated communities is very grim – their economic base is narrow and there are very limited opportunities to attract new industry, business and investment, particularly in competition with capital cities and larger regional centres;
- The powers and role of the Commonwealth Water Holder should clearly mandate him with the responsibility to make permanent and temporary environmental water available for agricultural production, when that water is not required for environmental purposes from time to time. Currently RAMROC is concerned as to whether his responsibilities, or the Government's policy intentions, are absolutely clear in this regard;
- There is a need to determine water market mechanisms which address short term solutions to the current drought and the consequent financial crises which are confronting farmers, whilst at the same time providing mechanisms for the longer term which achieve a rational and sustainable balance between environmental needs, food production and the future of rural communities;
- There must be top priority given to the implementation of irrigation infrastructure improvements, both on-farm and off-farm, so as to achieve as many water saving opportunities as possible;

In light of expected climate change impacts and reduction of water extractions in the new Murray Darling Basin Plan, the Commonwealth Government must now seriously consider alternative ways in which food production levels can be maintained and even increased in this important foodbowl region.

Solutions might come from greater and improved research and development, water diversion and transfer projects, additional water storages or other infrastructure, new water saving technologies or other innovative ways. The Government and the nation cannot afford to sit still and hope that regular rainfalls return to past levels, or expect to achieve optimum outcomes in the southern Murray Darling Basin by simply managing better the existing limited and severely stretched water resources.

There needs to be far more communication and consultation at all levels, both Government and private enterprise, to put in place a holistic approach to all of the issues and to agree upon solutions and long term action plans. This is simply not happening at the present time.

Councils, communities, irrigation companies, landholders, financiers and other key stakeholders are being dealt with disparately by Governments. There is little co-ordination of effort and as such as hoc strategies are being implemented, mostly in isolation of a comprehensive long term vision and goals which take account of all of the inter-related issues involved and which are clearly in the overall national interest.

RAMROC appreciates the opportunity to make this submission and would be pleased to meet with the Senate Committee at any time to further discuss the issues which we have set out and which are considered relevant to the Terms of Reference for your Inquiry.

Yours faithfully,

Cr Terry Hogan AM
Chairman

Ray Stubbs
Executive Officer