



Committee Secretary
House of Representatives Committee on Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

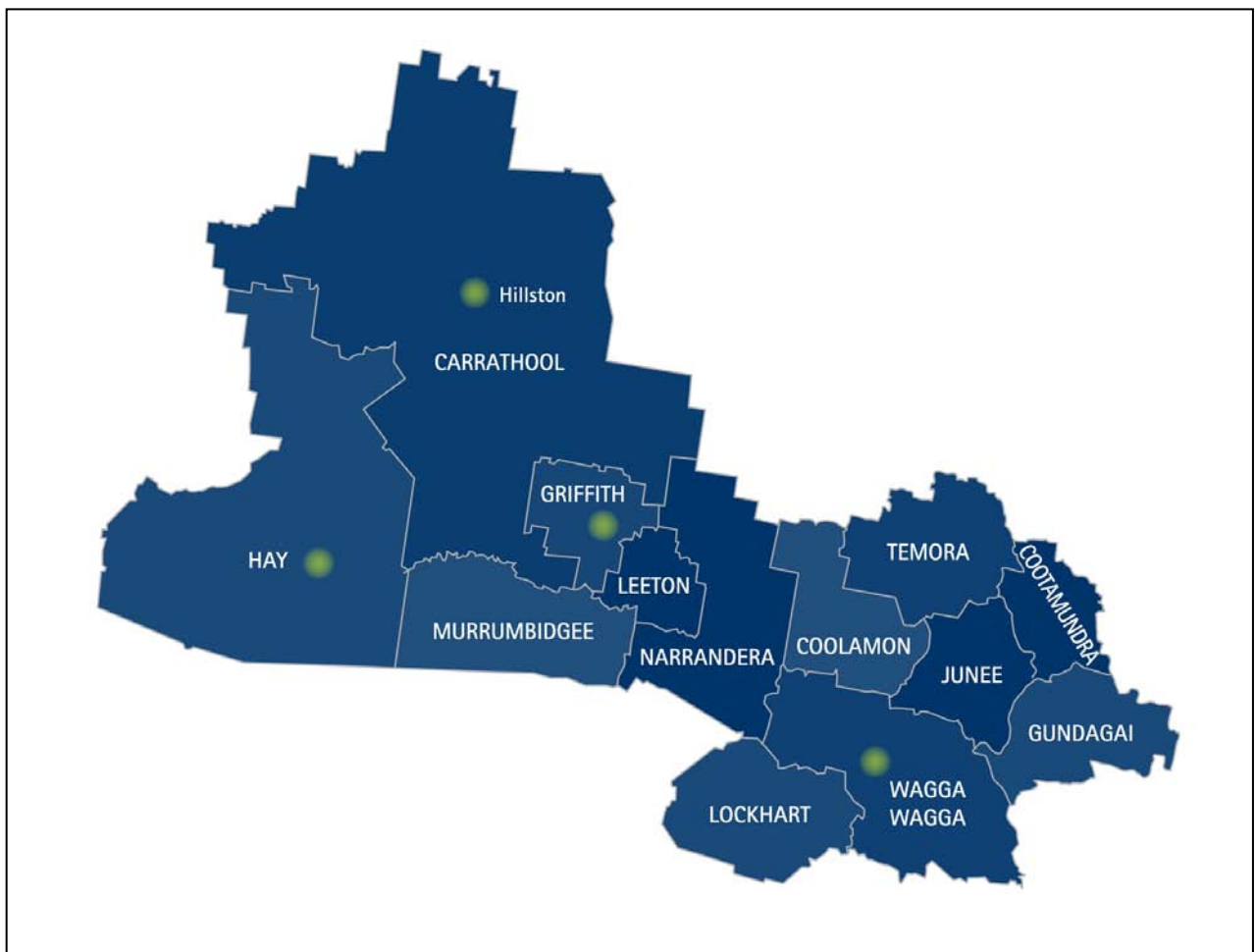
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20 December 2010

To Whom It May Concern

RE: Submission to the Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia.

Regional Development Australia (RDA)- Riverina welcomes the opportunity to make a submission to the House of Representatives Inquiry regarding the impact of the Murray-Darling Basin Plan on Regional Australia. RDA-Riverina will make comment on a number of aspects outlined in the Terms of Reference. See map below for the details of the Riverina region.



The direct and indirect impact of the Proposed Basin Plan on regional communities , including agricultural industries, local business activity and community wellbeing;

Impact on Agriculture:

The current Guide to the proposed Murray Darling Basin Plan with a reduction in water of 43% for the Murrumbidgee Catchment would have significant negative implications on the production of agriculture and food in the Riverina region. Reports by Judith Stubbs & Associates (2010), Marsden & Jacob Associates and ABARE indicated a significant impact on agriculture production particularly in the Murrumbidgee Valley.

The region has an unmatched diversity of produce based mainly upon the Murrumbidgee and Coleambally irrigation areas (approximately 182,000ha) and dryland farming.

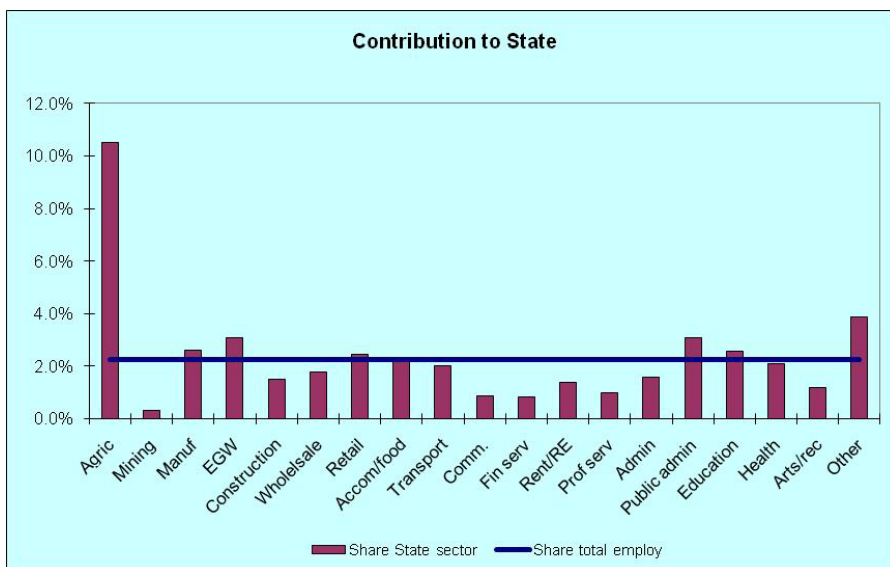
Alongside crops such as rice, maize and canola, the region boasts:

- Over 25% of NSW fruit and vegetable production
- 90% of NSW citrus products
- 80% of NSW wine/grape production
- Livestock feedlots, sales and processing facilities
- Nearly 20% of all NSW crop production and two thirds of its total value.

(Source: NSW Government Industry Statistics)

In a normal year total agricultural and horticultural production in the Riverina is worth more than A\$1 billion (NSW Government Industry Statistics). However, the extended drought has impacted significantly on the region. The withdrawal of previously secure irrigation entitlements has also affected the security of irrigated agriculture in the Riverina-RDA, with potential financial and social ramifications.

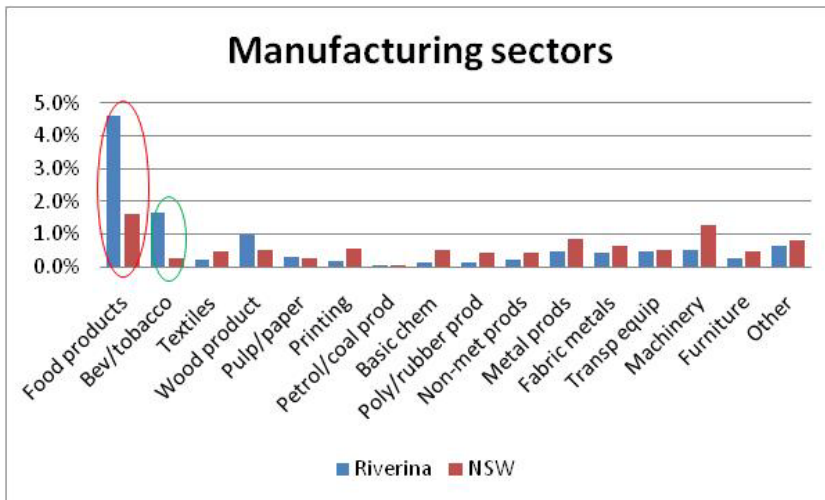
Figure 12: Industry contributions to the State economy in percentages



Source: 2006 ABS Census

EGW= Electricity, Gas, Water & Water Services

Figure 13: Manufacturing contributions to the NSW State economy in percentages



Source: 2006 ABS Census

As can be seen in Figure 13 the large proportion of manufacturing in the Riverina region involves value adding to the agricultural (citrus, rice, fruit/vegetables, beef/lamb/poultry) industry, in particular food products with second being Beverages/Tobacco. The Beverages/Tobacco accounts for the large percentage of grapes processed for wine, particularly in the Griffith area.

Wine & Grape Industry- Riverina geographical area produced slightly more than 300,000 tonnes grapes in 2008. De Bortoli's & Casellas are two of Australia's largest wine exporters.

Rice Industry-90% of Australia's rice crops are grown in the Murray-Riverina. Rice was first grown in Australia in 1920's in Griffith & Leeton. SunRice is anchored in Leeton, NSW and operates state-of-the-art processing facilities that mill and pack rice, and rice flour, and manufacture rice cakes and convenience rice food.

Feedlots & Livestock: The region has major feedlots & processing facilities located at:

- Yanco (Rockdale Beef- currently in transition of ownership)- integrated beef cattle feedlot, feed mill, meatworks and farming business. Capacity 170,000 cattle
- Tabbita, near Griffith (Swift Australia)- Capacity 35,000 cattle and 60 employees.
- Feedlot located at Stockinbingal (Cargill Beef Australia).
- Wagga Wagga (Cargill Beef Australia)-

Chicken Processing: Baiada Poultry Ltd (formerly Bartter Enterprise) operate at Hanwood (near Griffith) with approximately 5 million birds. It's a fully integrated poultry operation encompassing livestock farming, feed milling and primary and further processing of chickens.

Citrus Industry- The Riverina Citrus industry comprises of over 500 citrus properties, supplying 45 citrus packing sheds and 8 citrus juice processors throughout Australia. The

Riverina has approximately 30% of all Australia's citrus production, average total production of 180,000 tonnes & citrus plantings equate to approximately 8,500 hectares.

Vegetable Industry- includes broccoli, capsicum, carrots, gherkins, lettuce, onion, potato, pumpkin, beetroot, rockmelon and water melon.

Cherries & Nut (Walnut & Almond) Industry- emerging industries

Social & Economic Implications:

As per 2006 ABS Census statistics Agriculture is the largest employer in the RDA-Riverina region.

Many of the reports, such as the Judith Stubbs & Adrian Rizza (Independent Banking Consultant) Report sourced by the MDBA identify the substantial impacts that will be felt by communities if the recommended sustainable diversion limits (even the lower 3000GL/y) in the Guide are enforced. The Judith Stubbs report and modeling based on Australian Bureau of Statistics (ABS) indicate job losses would be greater than the 800 indicated in the Guide. ABS data using a conservative multiplier effect would indicate job losses more like 8,000. The Guide itself also highlights the inability of many communities to adapt due to the following factors:

- Aging labour force
- Limited capacity of farmers to cope with a significant reduction in water availability
- Outward migration of young people
- Substantial on farm debt /reduced cashflows
- Low education levels compared to the NSW state average

Statistics and data in the RDA-Riverina Regional Plan reinforce these factors.

Further social & economic impacts analysis is required, as well as a cost benefit analysis. The RDA's Regional Plan is a useful resource when conducting the social and economic analysis. This can be accessed from the website

<http://www.rdariverina.org.au/about-us-2.html>

As stated in the Guide to the Proposed Murray Darling Basin Plan the southern Basin: Murrumbidgee region is one of the regions to face the greatest economic impact from the Murray Darling Basin Plan in its current form (Guide to the Murray Darling Basin Plan p127).

Figures 12 & 13 in response to question a) demonstrate the value of the agriculture industry to the NSW State economy.

The lack of engagement in preparing the guide and the substantial timeframe before its release has created considerable uncertainty for communities but also for potential investors in the region. As an organisation charged with regional development and the growth of

regional communities this is a real challenge for Regional Development Australia Committees across the Basin.

Options for water-saving measures or water return on a region-by-region basis with consideration given to an analysis of actual versus licence entitlement over the preceding fifteen years.

The active involvement of stakeholders such as Industry bodies, Business Groups and Irrigators in the development of the Murray Darling Basin Plan could have drawn on the expertise of many of these stakeholders in preparing a more holistic MDBP. This is the process used by the State in preparing the NSW Water Sharing Plan. The implementation of the NSW Water Sharing Plan is still in progress and evaluating and monitoring the outcomes of this plan would provide useful information for the Murray Darling Basin Plan.

For example consultations with irrigators would have revealed some engineering and infrastructure opportunities to enhance watering of environmental assets, resulting in a more effective use of environmental water. The Catchment Management Authorities are another vital stakeholder with a wealth of expertise in natural resource management who have been working with individual farmers and communities for a number of years. The Murrumbidgee Catchment Management Authority is the body that covers the Riverina region.

The role of governments, the agricultural industry and the research sector in developing and delivering infrastructure and technologies aimed at supporting water efficiency within the Murray-Darling Basin.

There are numerous industry groups, Irrigators and individual farmers that are planning or implementing water efficiency initiatives already. Government funding should be directed to these stakeholders to expand and build on the activities they are planning on. Any funding programs need to be delivered in an efficient and effective manner to ensure projects can be implemented as soon as possible to gain water efficiencies. Further research should also be directed to this field. In NSW the research dedicated to agricultural production, water efficient cropping and engineering infrastructure has declined. Important stakeholders in the Riverina region that need to be consulted in this regard include:

- Murrumbidgee Irrigation
- Coleambally Irrigation Ltd
- High Security Irrigators Murrumbidgee
- Benerenbah / Warrawidgee Water Users Association
- Wah Wah Water Users
- Murrumbidgee Private Irrigators Inc.
- Murrumbidgee Groundwater Inc.
- Murrumbidgee Valley Food & Fibre Association
- Rice Growers Association of Australia

- Riverina Wine Grapes Marketing Board
- Riverina Winemakers
- Riverina Citrus
- NSW Farmers Association
- Charles Sturt University & CSIRO
- Industry & Investment NSW (Primary Industries)
- Murrumbidgee Rural Studies Centre - Yanco
- Individual businesses such as
 - JB Swift Australia (Beef feedlot at Tabbita & Yanco)
 - Cargill Beef Australia
 - Baiada Poultry
 - Casella Wines
 - McWilliams Wines
 - De Bortolis Wines
 - Sunrice

All these stakeholders have been investing in on-farm water efficiencies as well as efficiencies in the processing and value adding to the raw products. This has involved more efficient methods of conveying & regulating water flows, recycling water and returning water to the environment.

RDA-Riverina in partnership with RDA-Murray is involved in a project called “Scenario planning for an Innovative Response to the Water challenge in the Murray Riverina region”. The consultants appointed to the project are Sinclair Knight Merz (SKM) who are investigating the current profile of the region and looking for opportunities where existing business or industry can diversify or new industries may emerge. This is also adding to work that is being done by the Strengthening Basin Communities Program (auspiced by Local Government) across the Murray Darling Basin region.

Recommendation:

That the House of Representatives encourage the Murray Darling Basin Authority to review and amend the Guidelines to Murray Darling Basin Plan including the following strategies:-

- Adopt a more inclusive process of consultation with stakeholders (particularly those with insight into economic and social implications such as Industry Bodies, Banks/Accountants, Rural Financial Counsellors, Irrigators, Local Government, Industry & Investment NSW, Department Premier & Cabinet, Regional Development Australia Committee’s, & Business Chambers) on a catchment basis so that they can examine collaboratively the management of Basin water resources in a way that optimizes economic, social and environmental outcomes.
- Further research and clarification on the amount of water that is required for environmental assets and ecosystems. Consider the paradigm in which the Murray Darling Basin Plan (a static document) operates in a dynamic and variable environment. The recent rains and floods are evidence of this. Detailed research should be undertaken

to assess how the fauna and flora in the ecosystems have recovered or adapted to this new environment.

- The development of a Environmental Water Plan as soon as possible in conjunction with the rest of the research and planning.
- Investigate funding in new engineering, infrastructure, technology and design to create further water efficiencies at environmental sites as well as on-farm and within industry sectors. This should be the target for government programs and water buy-back is an additional option.
- The allocation of a reasonable and significant timeframe to allow for the development of infrastructure and the implementation of new technologies, as well as the structural adjustment that will need to occur across catchment communities.
- Release the legal advice obtained by Minister Tony Burke MP from the Auditor General regarding the interpretation of the Commonwealth Water Act 2007.

Measures to increase water efficiency and reduces consumption and their relative cost effectiveness;

Consultations and engagement with the following stakeholders is imperative when considering water efficiency and cost effectiveness in the Riverina region:-

- Irrigators Groups as previously listed
- Industry Groups as previously listed
- Local Government
- Catchment Management Authority
- NSW Rural Financial Counselling Service

Work collaboratively with Local Government on a catchment basis to ensure human critical needs are relevant to each catchment. The overall average figure for daily community use in rural areas of 398L per person in practical terms is not useful as commercial use in each catchment varies greatly.

The enormity of the Sustainable Diversion Limits (up to 43% for Murrumbidgee Valley) demonstrates that there has been no consideration of water efficient strategies that may be gained over the next few years.

Opportunities for economic growth and diversification within regional communities; and

Utilise studies & programs already in place such as the Strengthening Basin Communities Program (auspiced by Local Government) & Scenario Planning for an innovative response to the water challenge (auspiced by RDA-Riverina & RDA-Murray).

Support feasibility and business scoping studies investigating renewable energy opportunities and new & diverse industry options.

Previous relevant reform and structural adjustment programs and the impact on communities and regions

The NSW Water Sharing Plan was an initial step in NSW for water reform and also structural adjustment in a sustainable manner. The Murray Darling Basin Authority needs to work closely with State Departments such as NSW State Water and consider the water sharing plans that are already in place including the savings that may be able to be made.

Communities, farmers and businesses across the Riverina region are acutely aware of the importance of water and the importance of more efficient & effective use of water to ensure the ongoing sustainability of the environment and the communities that depend on it. Any programs or reform needs to actively engage with these stakeholders.

The Riverina region has prided itself on promoting water efficiency and building the capacity to achieve the sustainable growth of agriculture and other industries. Therefore stakeholders across the region should be viewed as part of the solution as opposed to the problem.

Conclusion

RDA-Riverina request that the House of Representatives ensures the Murray Darling Basin Authority amend the Guide to the MDBP and adopt a more collaborative and balanced approach to preparing the Murray Darling Basin Plan to ensure a balanced outcome for the environment, the National economy and communities.

The implicit assumption in the Guide to the proposed MDBP is that desirable environmental outcomes can only be achieved by sacrificing economic output is fundamentally flawed and embodies a defeatist and negative “zero – sum approach” to water management which is not required by the Commonwealth Water Act 2007.

RDA-Riverina is willing to assist the House of Representatives with their inquiry.

Yours sincerely

Tom Watson
Chair, RDA-Riverina