# Indigo Shire Council Submission

## Guide to the Basin Plan (the Guide)

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## Introduction

Indigo Shire Council is pleased to make a submission to the Murray Darling Basin Authority (MDBA), Senate Committee, and the House of Representatives Standing Committee Inquiry on the Draft Guide to the Basin Plan. The MDBA is commended on producing a comprehensive amount of material in a relatively short time.

Indigo Shire Council recognises that the Murray Darling Basin is a key factor in Australia's ecological health, containing some of the country's most diverse and rich natural environments, a number with international significance. Council acknowledges that the current environmental health of the basin is poor, with 20 out of 23 catchments in the Basin in poor to very poor ecosystem health. Over-allocation of water across the Basin has been exacerbated by severe drought and the impacts of climate change, resulting in a marked decline in the ecological health of the Murray Darling Basin.

The premise of the Basin Plan, to ensure the ongoing environmental health of the Murray Darling Basin, is supported in-principle.

Indigo Shire Council recognises that the current situation is not acceptable and must be addressed. However, Council raises questions about how increased water for environmental flows will contribute to the improved health of the basin and the level of burden regional communities are willing to accept as an outcome of decreased water availability.

## Indigo Shire

Indigo Shire offers a unique mix of attractive rural surroundings, welcoming towns and villages, impressive environmental qualities, four distinct seasons and a thriving diverse economy. Towns and communities such as Beechworth, Kiewa and Tangambalanga, Rutherglen, Chiltern, Wahgunyah, Stanley, and Yackandandah, offer a mix of heritage features, special natural attraction, and rural charm. The Indigo Shire economy relies on its rural and tourism base and its regional association with Albury Wodonga and Wangaratta.

Specifically, the economy is based on farming (beef, dairy, fruit and viticulture) the processing of local primary produce and the provision of services to people including health, social and tourism services. Uncle Toby's, the Murray Goulburn Co-operative and the local wine industry are the largest employers in the region, which enjoys one of the lowest unemployment rates in rural Australia.

The population of Indigo Shire is growing at 1.3% per year. The population grew from 15,350 in 2006 to an estimated 15,945 in 2009, an increase of 595 people over the period. Ordinarily, this bodes well for the economic and social health of the Shire, although emerging issues such as the Murray Darling Basin needs and the use of water for environmental purposes, has the potential to affect the Indigo Shire.

**Specific Issues**

1. ***The purpose of the Basin Plan needs to be emphasised and include social and economic impacts on communities.***

   The proposed Basin Plan will need to clearly outline and re-emphasise the need and purpose of the Basin Plan, but also take into account the impacts on communities from a social and economic perspective. The Basin Plan should strike a balance between the environmental, social, and economic needs of the Murray Darling Basin system, and the viability and health of individuals and communities within the Basin.

   The objectives associated with the setting of Sustainable Diversion Limits (SDL) proposed as part of the seeking of the balance required, need to be realistic and in terms that the wider community can understand. Future consultation processes by the MDBA should re-emphasise the reason for the Basin Plan. Ultimately the level of risk taken to achieve an improved environmental outcome will need to be a community decision. There is a clear need to develop messages around why any upstream SDL areas will need to reduce diversions for downstream environmental needs.

2. ***Regional Planning***

   The North East Victorian Catchments Council's bring a different perspective to that of broader irrigation districts. Whilst not questioning the value of these other areas, the North East Victorian catchments maximise the use of fertile river valleys and flood plains where water can be used closest to its source. A diverse range of agricultural products are currently supported including viticulture, horticulture, dairying, beef, lamb, and crop production. It is a nationally renowned food and wine centre for these reasons.

   The value of agriculture in North East Victoria in 2008/09 was estimated at $360 - $380 million.

   All North East Council's were active participants in the development of the Hume Region Strategy for Sustainable Communities. This document is a major input into the Victorian State Government's Regional Blueprint for the Future and identifies key themes for development and action to ensure the sustainability of the region and its various communities.

   The Hume Strategy detailed key issues for particular focus which have relevance to the MDBA Draft Guide Plan. These were:

   1. Water being used at its most efficient

2. A move toward a more intensive and varied agriculture, underpinned by a secure water supply.
3. A sustainable environment built around healthy rivers
4. The efficient use of water maximised by its use closest to its source
5. The benefits of sustainable water use in a drying climate
6. Importance of agriculture to the regional economy and for food production.

Indigo Shire Council believes that any plan to manage the Murray Darling Basin and to achieve a balance between environmental, social and economic needs, must take into account the planning undertaken by various regions which have been endorsed by the Victorian State Government.

3. ***The criteria for sharing reductions needs to be reviewed. The impact to social and economic activity will be significant.***

The Draft Guide Plan seems to propose inequitable sharing of reductions in take between the SDL areas. It also appears to concentrate contributions to reductions on one set of users, the watercourse diverters. The proposed Basin Plan should maximise the pool of users contributing to the reductions (e.g. interceptions, connected groundwater). By not concentrating on watercourse diverters alone the regional impacts will be reduced and optimisation opportunities maximised. A simpler approach and fairer approach would be to cut the aggregated CDL on a pro rata basis. The criteria for sharing reductions needs to firstly look at which users are going to contribute, and then at what is equitable sharing from these users.

To illustrate the inequity, the Draft Guide Plan has applied a 40% increase in contribution from the Kiewa system, despite the fact that the Kiewa system is the second best performed system in the entire Basin with 96% of all inflows reaching the Murray Darling system (table 5.2 of the Draft Guide Plan). The Kiewa system is second only to the Ovens river catchment. It is important to understand that:

- Total inflows into the Kiewa catchment (water produced from the system) are 689 GL
- Total outflows from the catchment into the Murray system are 657 GL

Of the remaining 32 GL retained in the Kiewa system:

- Interceptors (forestry, farm dams) comprise 14 GL
- Environmental flows for the Kiewa itself are 7 GL
- Diversions (either town supplies or irrigation) are 11 GL.
- A 40% increase in contribution reduces the amount of water available for diversion (irrigation or township supplies) by 4.4 GL, resulting in a net availability of 6.6 GL

Setting a fixed catchment SDL in upstream areas of the Basin for down valley needs does not necessarily allow for down valley needs to be found in the most optimal location. The implementation of the proposed SDLs in the Kiewa area will have perverse outcomes for that area of Indigo Shire; therefore Indigo Council expresses its concerns regarding these outcomes.

Council's major objective is to achieve the best outcomes for local communities and to consider long term and cumulative effects of decisions. Indigo Council seeks to:

- Promote the social, economic, and environmental viability and sustainability of the shire
- Ensure efficient use of resources to best meet the needs of the local communities
- Improve the overall quality of life of people in the local communities.

Irrigation based agriculture in the Indigo Shire is a substantial component of the agricultural production and a key element in the shire's economic base and community. The irrigation based agricultural activities of dairying, beef production, and intensive viticulture and horticulture contribute significantly to the viability of shire. A significant proportion of farm expenditure takes place within associated communities in towns and regional centres. Many towns and communities within Indigo Shire, including Kiewa, Tangambalanga, Kergunyah, Gundowring, Browns Plains, Wahgunyah, and Rutherglen are reliant on irrigation expenditure. Decline in agricultural productivity will have consequences for the viability of local economies and communities and therefore on Council itself through a decline in rate base, leading to impacts on community services and infrastructure.

Council understands that setting the fixed catchment SDL in the Kiewa system will undermine the social and economic activity and fabric of the area. Irrigation based agriculture will be hurt, and the effect on communities may result in employment stability and activity being reduced, and the off farm business activity and expenditure being diminished. The social impact of these actions on the communities in the Kiewa region will be hard felt. Participation in community activity may decline, as families and individuals battle with cost of living pressures, or seek employment elsewhere.

While the Guide provides some overview of the likely socio-economic impacts of the proposed SDLs on irrigation industries and regional communities, Indigo Shire Council welcomes and supports the additional work to be undertaken by the MDBA to further investigate the social and economic impacts of the Basin Plan on communities and industry within the Basin regions and beyond.

4. ***A reduction in diversions is not required to maintain the environmental assets and functions of the Kiewa River, upper Murray Rivers, and the Ovens River.***

   Council is not in a position to dispute the MDBA's assessment of the environmental water requirements for the Kiewa, upper Murray (Vic), and Ovens Rivers and has relied on advice from the North East Catchment Management Authority (NECMA). NECMA believes the long term environmental water requirements for these areas are largely met under the current levels of development. The major environmental water sharing issues in these areas are around how to manage timing of water take and the use of both surface water and connected groundwater resources.

5. ***All forms of water take should be included in the policy options to close the gap.***

   To close the gap between current and sustainable diversions Council is of the view that all forms of water take that can contribute to downstream environmental outcomes should be included in the Basin Plan programs. As it stands, only those users with policy options available will be targeted. The strong connection between ground and surface water resources in the North East Victorian region means that groundwater use can influence surface water, and visas versa. Based on this logic, groundwater users should also be included in the pool of water users that can contribute to reduced diversion. Similarly reducing interception activities, such as stock and domestic dams and plantations, should also have policy responses.

6. ***Works and Measure to reduce environmental water requirements are important.***

   After discussions with the North East Catchment management Authority, Council shares the view of NECMA that there are some opportunities for a works and measures programs to offset the need for reduced diversions within the Ovens, Kiewa and upper Murray SDL areas. However, as these programs have significant potential to reduce the environmental water requirements in downstream SDL areas it will be critical that the proposed Basin Plan details how they can contribute to the proposed reductions and subsequently potentially increase the SDLs in the upstream areas.

7. ***Future Consultation.***

   Indigo Shire Council shares the view expressed by the Municipal Association of Victoria (MAV) that the consultation approach used by the MDBA on the Guide created a significant amount of community and industry unrest and concern. Council urges the MDBA to undertake a more targeted and constructive approach to consultation on the draft Basin Plan to achieve productive dialogue with stakeholders and input into the Plan. Council recognises that creating a community consensus to change will be a significant challenge and will require a collaborative approach between all levels of government.