14th December 2010

Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
PO Box 6100
CANBERRA ACT 2600

Dear Sir/Madam,

LEETON SHIRE COUNCIL SUBMISSION - THE MANAGEMENT OF THE MURRAY DARLING BASIN

Introduction

Leeton Shire Council welcomes this opportunity to present a written submission in response to the Enquiry into the Management of the Murray Darling Basin triggered by MDBA Guide to the draft Murray Darling Basin Plan, which was released on 8th October 2010.

As you are aware, the Guide clearly reveals that a draft MDB Plan as currently proposed will have far reaching and adverse implications for the future of irrigated food production, employment and the future sustainability of rural communities throughout the Basin. Accordingly there has been very significant concern expressed at the Community Information Sessions conducted by MDBA over recent weeks since the Guide was released.

In addition to those community reactions Local Government Councils, Irrigation Associations and Corporations, rural industries and businesses and other key stakeholder groups from across four States, Queensland, New South Wales, Victoria and South Australia have been united in their opposition to the dire economic, social and human impacts which a draft Plan, with an almost entirely environmental focus, would mean for Australia's future.

What is clear is that the guide has been based on seriously flawed assumptions and data, most particularly characterised by the much cited economic analysis impacts indicating potential job losses of only 800 throughout the entire basin, with an $800,000 reduction in gross irrigated agriculture activity. Reliance on such flawed data, which appears to take account only of "farm gate" transactions; and fails to consider the flow on effect on industry beyond that simple measure, indicates a real lack of integrity within this entire process.

Similarly, estimates of environmental water requirements, lack of transparency and rigour with many assumptions seeming to be based on "over the bank" spill modelling without consideration either of the potential for third party consequential damage, or on efficiency models that might be achieved through engineering or technical solutions.

Leeton is both a resilient and a proud community, built on the concepts of irrigated agriculture and food production. It is the home of major production facilities which are reliant on continued access to productive capacity in this region. Examples include the Sunrice food group – supporting and supported by the rice industry; National Foods – supporting and supported by the citrus industry; Freedom Foods – supporting and supported by the grain production industry; and Swifts Australia – supporting and supported by both the beef industry and the grain production industry. Together these form the top four major employers in Leeton, and in turn they underpin a vibrant infrastructure service sector as well as a significant transport industry. In addition there is a significant agricultural component based particularly on grape production, and on the nut industry, with a smaller vegetable production sector.

Reductions in the level of water availability such as indicated will substantially impact on the viability of these entities, and will take them back to the bare subsistence levels of a permanent drought environment. Commercial reality suggests that employment level losses in the event of these industry contractions could be measured in the 1,000's in Leeton alone as determinations are made about both production levels and eventually the long term retention of that industry in the region.

The Basin Plan, as described in the Guide, suggests significant structural adjustment in irrigated agriculture production. In doing so it also appears to suggest that maintenance of a permanent drought environment is sustainable and that production levels will not diminish. This approach seems to ignore the real impacts within Leeton over the past 10 years, with substantial job losses as a result of reduced food production capacity.

This Plan has to take account of the balance required between food production viability; processing of that product; support for the many industries that provide services to this sector; and the ongoing environmental strategies required; and must do this within a framework that ensures both food security and productive targets can be achieved, and that we avoid the wholesale destruction of entire communities such as Leeton.

What is essential is that there also be due recognition given to the continuing level of environmental management already undertaken by this community, and that we ensure some balance is maintained. Both efficiency gains, and the creation and maintenance of entire ecosystems arising out of the irrigated agriculture industry have become synonymous with the region. We need to continue to foster this approach, but at the same time continue to support its development.

It is also important to learn from these systems and to adapt the same efficiency strategies as we consider solutions to better overall environmental management. We need to ask ourselves what environmental assets we are focussing on, why we are doing this, and how we can best deliver the required water to maintain them. But in doing so we need to be prepared to do this objectively and creatively, using both an open and transparent tool for identification of what environmental assets we are bringing into the equation, and then ensuring that the best possible engineering planning is used in any delivery system necessary for water transmission/delivery. From there is will be important to constantly benchmark efficiency gains for environmental watering to ensure there are ongoing improvements.

In the interim, and before any further decisions are made regarding this most significant policy, Leeton Shire Council would ask that detailed analysis be undertaken <u>involving</u> the community and in particular the Council. The community backlash from the release of the draft guide should be a sign that the community has not been properly engaged previously and that local input may well engender meaningful and workable solutions that could meet the overall objectives of both the environment and the community.

This Leeton Shire Council submission provides some background and will cover the following:-

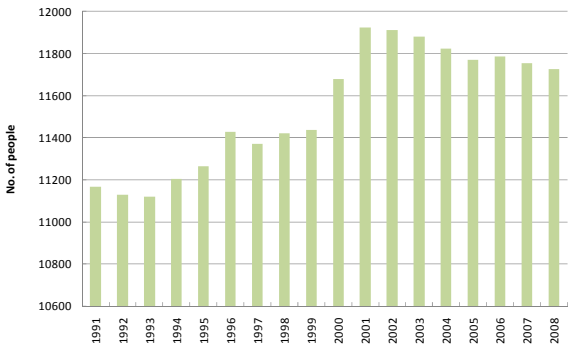
1. Leeton profile
2. RAMROC's Water4Food Program
3. The Commonwealth Water Act 2007 – Interpretation of provisions relating to Economic, Social and Environmental Outcomes
4. Environmental Watering Requirements
5. Sustainable Diversion Limits
6. Social and Economic Considerations – including other studies, Strengthening Basin Communities Program
7. Parliamentary Inquiries – relationships and timing to draft Plan release
8. Food and fibre production and security – National and Global Considerations
9. Potential for Alternative Water Solutions

1. Leeton Profile

People and communities

In 2008, Leeton Shire had a population of 11,727 persons (Figure 1), which represents a decline of 1.7% since 2001, since the population peaked at approximately 11,925 persons. In contrast, the population of NSW grew by 5.9% between 2001 and 2008.

- **Figure 1 Leeton Population (1991 – 2008)**



Source: Australian Bureau of Statistics, Census of Population and Housing

Despite this slight decline in population, Leeton has a lower median age (35 years at the 2006 census) than that of NSW (37 years at the 2006 census). However the median age for Leeton at the 2001 census was 34, which reflects an aging trend.

It is likely that the decline in population is being driven by increased consolidation in the agricultural sector. Consolidation is likely to be the result of the need to achieve economies of scale, increased mechanisation, and the reduced viability of properties impacted upon by

drought. Another contributing factor to population decline is the low level of immigration in the shire. This is likely to be the result of the limited employment opportunities available to new residents.

The composition of households in Leeton Shire is in line with what is occurring across NSW more broadly. At the 1991 census three-quarters of households were family households, but by 2006 this had reduced to 68%.

At the 2006 census Leeton Shire's unemployment rate was comparable to that NSW at 5.5%. This represents a large decline since 1991 when the rate was 10%. This rate of unemployment is relatively high compared to the neighbouring regions, which may be due to the fact that services can be accessed readily as it is a regional centre.

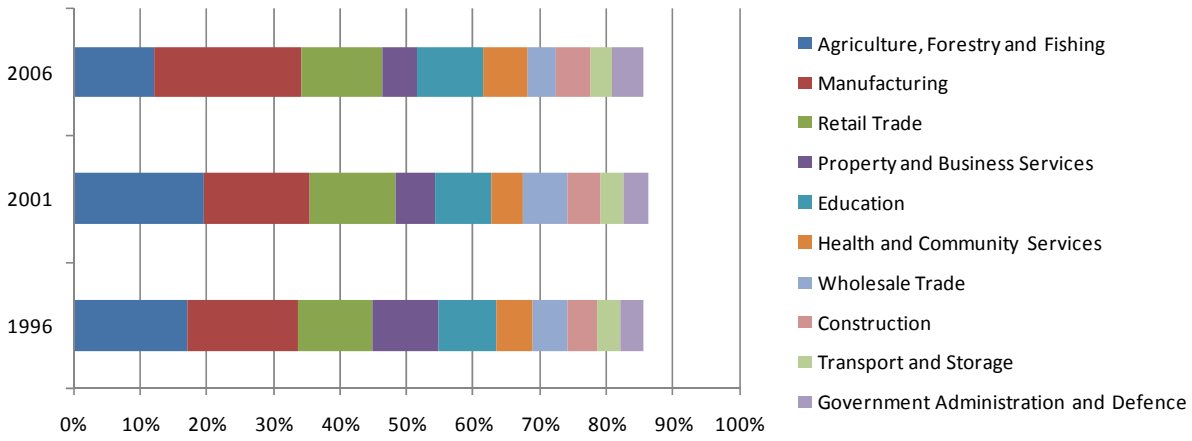
Households in Leeton Shire experienced a 33% increase in median household income over the decade to 2006 ($852/week). This reflects a lower rate of growth than that experienced across NSW more generally (37%). This placed median household income at 82% of the NSW median in 2006, which represents a decline from 88% in 1991.

Most people in the Leeton labour force have no identified post-school qualification (57% as at 2006), although the proportion of the population in this category has declined from 67% in 1991. As a result there has been growth in the number of people with skilled or vocational training, from 14% in 1991 to 19% in 2006. The number of people in the labour force with Bachelor degrees also rose by approximately 8% of the labour force. This is compares to 30% for NSW more broadly.

Employment

Compared to other councils in the local area, Leeton has a more diverse industry base evident from the occupations undertaken by Shires' workforce (Figure 2). The manufacturing sector is the largest employer in Leeton, followed by agriculture. Employment in agriculture has declined from 17% (1996) to 12.2% (2006) of the employment base and it is no longer the main employer in the LGA. Over the same time period employment in manufacturing and retail trade has risen from 16.8% (1996) to 21.9% (2006) and 11.2% (1996) to 12.2% (2006) respectively.

- **Figure 2 Employment by industry in Leeton Shire**



Source: Australian Bureau of Statistics, Census of Population and Housing

However, as noted earlier the rise in manufacturing relates mainly to agricultural based food processing. Hence agriculture and related activities is still the largest employer in the region. There have been a number of drivers for the reduction of employment in the agriculture sector, such as:

- The development of a significant intensive animal husbandry sector (including cattle fed lots and intensive chicken sector)
- More capital intensive agriculture including larger corporate farms
- Increased productivity and changes in global commodity prices
- Drought and changes in natural resource management policies and practices.

This change has potential benefits for the region with the potential for:

- More productive and higher income jobs
- Development of more transferable skills

Land use

Irrigated agriculture occupies 37% of the area of Leeton Shire (43,023 ha; (Table 1) which occupies 37% of the Shire.

Table 1 Most irrigated land is used to produce cereal cropping, including rice. The land is also used for livestock, fruit and viticulture. The major land use category in Leeton is dryland grazing, which occupies 37% of the Shire.

Table 1 Leeton Shire land use

Land use	Leeton Shire	
	ha	%
Degraded land	82	0.1%
Dryland-cropping	6,235	5.3%
Dryland-grazing	42,678	36.6%
Forestry	8,382	7.2%
Irrigation & drainage channels	4,530	3.9%
Irrigation cropping	35,428	30.4%
Irrigation-grazing	1,193	1.0%
Irrigation-perennial horticulture	5,576	4.8%
Irrigation-seasonal horticulture	826	0.7%
Natural environments	2,371	2.0%
Other uses	3,656	3.1%
Transport	4,174	3.6%
Water	1,499	1.3%
Total	116,630	100.0%

Source: Department of Infrastructure, Planning and Natural Resources (DIPNR), Land Assessment Unit

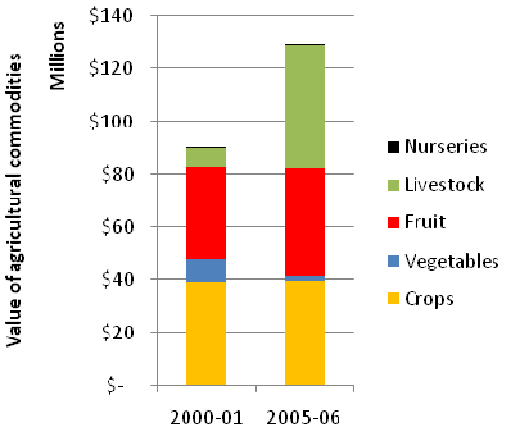
Value of agricultural production

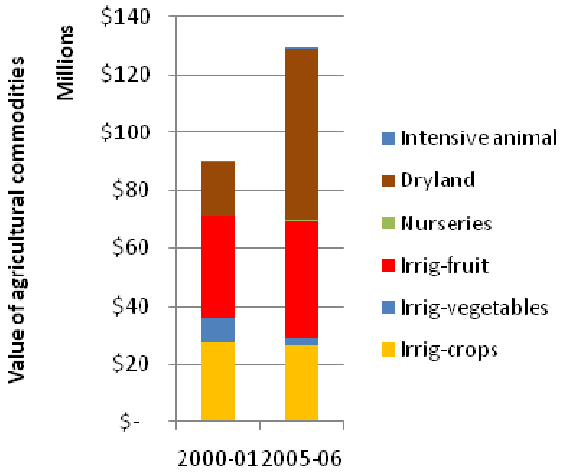
The value of production increased in aggregate for Leeton between the 2000/01 and 2005/06 years from approximately $90 million to just under $130 million. Figure 3 shows that this was largely driven by increases in the value of livestock, fruit and in particular dry land agriculture.

The agricultural sector has been affected by uncertainty due to drought, climate change and natural resource management policy. However, its relative diversity, management capability,

and the extent of local ownership have enabled some parts of the sector to grow. Other sectors, however such as rice production have declined dramatically (Figure 4).

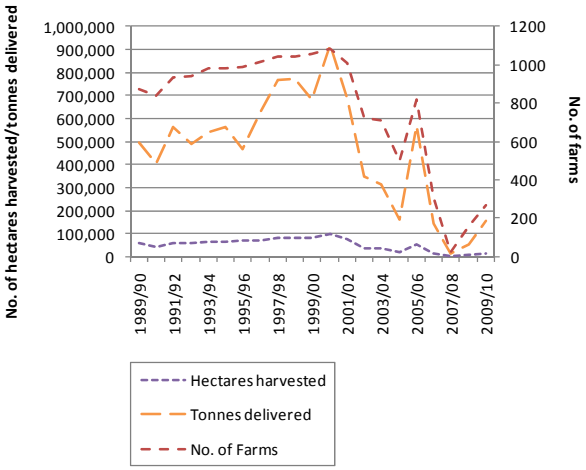
- **Figure 3 Value of agricultural commodities**





Source: ABS

- **Figure 4 Rice production in Murrumbidgee Irrigation District**



Source: Griffith City Council

Agricultural activities and production contribute to the regional economy in other ways. The total value of services provided to agriculture in the region (e.g. fertiliser spreading, crop spraying, irrigation services, and shearing) in 2005-06 was about $69 million. In Leeton, food and beverage manufacturing generated a greater value of production ($366 million in 2005-06) than the gross value of agricultural production. Almost 44% of this was from flour mill and cereal and about 27% was from meat and meat products. Griffith (58% of value) and Leeton (35% of value) are the main food and beverage production centres in the region (AEC, 2010).

In 2009-10, agriculture, food and beverage production and directly-related services (i.e. services to agriculture, water) added over $150 million in value of production, which was 36% of the total value added to production in Leeton (AEC, 2010).

Industry and business

The majority of businesses in Leeton are micro or small business with some 59% being owner operated with no staff and some 81% employing four or less staff. In addition, only some 21 companies (1.9%) employ 50 or more staff.

The predominance of small business may be an advantage, as small business is likely to be flexible in response to severe economic downturns. For example, small business operators may be able to move between employment and self employment. However, the disadvantage of small business is that they are more likely to:

- Have limitations in access to capital and technology
- Have limitations in business management capacity, lack of scale, access to skilled labour and finance etc.

As such downturns may mean a high proportion of local businesses experience financial difficulties, including increased debt, which will often be secured against real assets rather than cash flow. This situation can be exacerbated when businesses are highly dependent on the dominant agricultural industry. Therefore the decline of the agricultural sector flows through to the broader regional economy.

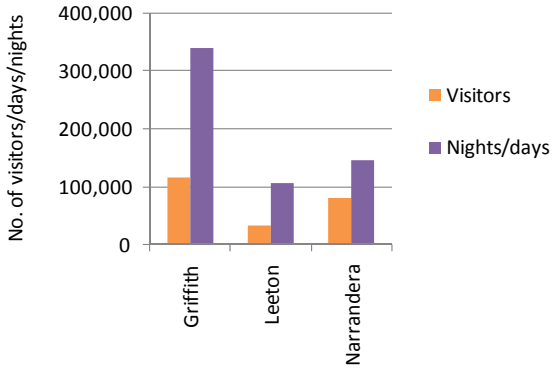
An advantage that Leeton has in comparison to other councils is that agglomeration economies increase the competitiveness of urban centres. In addition, businesses in Leeton have access to the required support services, which may not be the case in other parts of the region.

Tourism

Leeton falls within the NSW tourism region of Riverina. Visitation to the region has been broadly stable over the past five years with a drop during 2009. Visitor nights have probably reduced a little with the average stay reducing since 2005. International visitors and day trippers have shown a similar pattern.

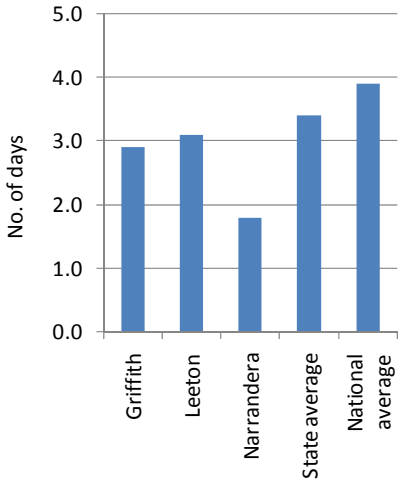
Estimates of visitation at the local government level are given in Figure 5 for three Council areas. It shows that the number of visitors and visitor nights is skewed to Griffith, the largest population centre. Looking at average length of stay indicates that visitors stay a similar time in Griffith and Leeton but only about half as much in Narrandera (Figure 6). These data show that the length of stay across the region is significantly lower than both the state and national average.

- **Figure 5: Domestic overnight tourism numbers and nights stayed for Griffith, Leeton and Narrandera Shires.**



Source: Department of Resources, Energy and Tourism

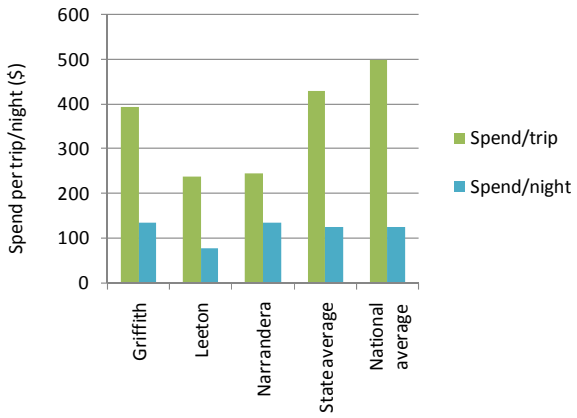
- **Figure 6: Average length of stay**



Source: Department of Resources, Energy and Tourism

Figure 7 indicates the average expenditure per trip and per night. Again, with the exception of Griffith the average expenditure per trip is considerably less than the NSW and national averages. However, the average expenditure per night for both Griffith and Narrandera is broadly in line with the NSW and national averages although the figure for Leeton is again much lower.

- **Figure7: Average spend per night and per trip**



Source: Department of Resources, Energy and Tourism

Expenditure by tourists could be a significant driver of employment in the accommodation and food services sector, which is the ninth largest employment sector in the region. However, there is a need to develop the tourism product to attract visitors to stay longer in the region.

2. RAMROC's Water4Food Program

As a member council Leeton has strongly supported RAMROC's representations to the Federal and NSW State Governments for the past three years, in relation to concerns about the potential impacts on agricultural production in the southern Murray Darling Basin and in turn to the real threats to the long term sustainability of irrigation communities.

These concerns of councils, regional food producers and communities in the region have been brought about by a combination of many years of extreme drought conditions, the projected impacts of climate change, the reduced water diversion limits foreshadowed in a new Murray Darling Basin Plan, and the Federal Government's Water for the Future Program's $3.1 billion buyback program of irrigator water entitlements already well advanced.

In late 2008, RAMROC convened two Leadership Summits, which brought together irrigation industry leaders and stakeholders, to discuss these critical issues. Arising from these Summits, it was decided to develop and undertake a **Water4Food** advocacy and marketing program, targeting Federal and State Governments, national and regional media, as well as citizens in capital cities and regional areas.

This program is ongoing and has been advocated to Federal and State Government Ministers, presented at a wide range of conferences, seminars and forums and also to stakeholder and community organisations, and within the media. The campaign has been strongly supported and funded through local industry and business contributions, Chambers of Commerce, Service Clubs and individuals.

The program has engaged the support and participation of Councils in northern Victoria and has also attracted significant attention throughout the northern part of the Murray Darling Basin.

The principal objectives of the **Water4Food** program are to achieve:-

- A sensible and pragmatic balance between environmental water needs, maintaining irrigated food production levels and ensuring the long term sustainability of rural towns and communities, i.e. a triple bottom line balance of environmental, economic and social considerations;

- Fair and equitable treatment of Murray, Murrumbidgee, Lower Murray-Darling and Lower Lachlan valleys in relation to Federal and State Governments' water acquisition programs;

- Long term fixed and guaranteed security of water resources, in order to maintain irrigated food production capacities;

- Funding for upgrading of irrigation infrastructure, on-farm efficiency programs and industry re-structuring;

- Funding for structural adaptation of RAMROC communities impacted by reduced water availability;

- Increased scientific R&D initiatives to secure food production at current or greater levels, in an environment of reduced water availability;

3. The Commonwealth Water Act 2007 – Interpretation of provisions relating to Economic, Social and Environmental Outcomes

The Guide to the draft MDB Plan has clearly been predicated on the basis of an interpretation of the Water Act that gives virtually total priority and emphasis to environmental watering requirements, with the issues of economic and social considerations very much secondary.

This has resulted in the calculation of proposed Sustainable Diversion Limits (SDLs), being the quantities of water available for consumptive purposes (drinking water, industry, irrigated agriculture etc), being based on the amount of water available, only after all environmental needs have been satisfied.

MDBA's interpretation of the Water Act in formulating the Guide has meant that consideration of the outcomes of socio-economic studies undertaken to date have been a sub-set of the determination of the proposed SDLs. In other words, the socio economic studies are a product of the SDLs process, rather than a key contributor to the up-front calculation of SDLs.

The Commonwealth Water Minister the Hon Tony Burke MP has recently sought legal advice from the Australian Solicitor General in this matter. As a result, the Minister has concluded that the Water Act 2007, passed with bi-partisan support of both the Government and Coalition Opposition parties, does in fact provide for full consideration of economic and social issues.

Minister Burke has indicated on a number of recent occasions that the Government and the Coalition strongly agree that the Water Act 2007 certainly allows for a triple bottom line approach, to achieve a balance of environmental, economic and social outcomes, and within the current structure of the Act these provisions exist without the necessity of amendments.

MDBA is currently in the process of commissioning additional studies into the social and economic impacts. It is critically important that the draft MDB Plan from this point onwards is prepared on the basis of equal weighting being given to environmental, economic and social considerations.

4. Environmental Watering Requirements

The Guide to the draft MDB Plan indicates the following details in relation to environmental watering requirements:-

- **Surface water** required to meet the environmental requirements at a basin wide scale have been estimated at between 22,100 GL/y and 26,700 GL/y (long term average);
- This represents an increase of between 3,000 GL/y to 7,600 GL/y (long term average) – over and above the 19,000 GL/y currently available for the environment;

- This additional environmental water is required to be met from the current diversion limits;
- 2,442 environmental assets spread across the Basin have been identified – which includes 258 in the Murrumbidgee region;
- 106 hydrological indicator sites have been identified – including 12 hydrological indicator sites to assess the water requirements for key ecosystem functions and 6 hydrological sites for key environmental assets;
- Proposed **surface water** reductions generally applicable to the Leeton area in the 3,000 GL/y, 3,500 GL/y and 4,000 GL/y scenarios set out in the Guide are:-
  * Murrumbidgee (NSW) - (32% to 43% reduction of current watercourse diversions)

<u>Leeton's comments on Environmental Watering Requirements as set out in the Guide</u>

- Water reductions of the magnitude proposed would have devastating impacts on irrigated agricultural production in the Leeton community, both at a primary production level, and upon the secondary value adding industries, the allied support infrastructure providers, and on the transport industry;
- The environmental watering requirements of up to 7,600 GL/y are supposedly based on "best available science". However, over a very short space of time, we have seen these "best available science" watering requirements have increased at an alarming rate, from 1500 GL (about the time of the Living Murray initiative), to 2,500 GL (NRC River Red gums debate in early 2010), then to 4,400 GL (Wentworth Group of Concerned Scientists – also in early 2010), and now leaping to 7,600 GL/y;
- It is understood that these quantities have been calculated in the absence of expert advice or hydrological modelling by the NSW Office of Water and/or NSW State Water, or in fact by other State Agencies throughout the Basin;
- No consideration appears to have been given to the various State Government Water Sharing Plans, which already are in place and which already provide a comprehensive framework and basis for consumptive water uses, for environmental watering, irrigated agricultural requirements and which take account of economic and social issues;
- Minimal consideration appears to have been given to the potential for engineering solutions, which could increase the efficiency and effectiveness of delivering water to the identified environmental sites, particularly as alternatives to overbank flooding;
- Minimal provision has been made for major infrastructure and engineering works, which would achieve large scale environmental water savings, for example re-configuration of Menindee Lakes which has already been identified as having potential savings in evaporation of up to 400 GL/y;
- No consideration appears to have been given to the potential to significantly reduce the unacceptable levels of evaporation in the South Australian Lower Lakes, said to be in the order of 800 GL/y;
- A comprehensive Environmental Watering Plan, initially referred to as the basis of determining Sustainable Diversion Limits, has still not been prepared;

<u>Other Comments regarding environmental watering generally</u>

- The recent "Millennium Drought" has been one of the most severe in recorded history, most likely due to the typical long term climate fluctuations of eastern Australia. It is probable that that the ecological stresses apparent in the system

over recent years were more due to the drought conditions, rather than water extraction for productive purposes;

- Anecdotal indications are that, following the substantial rainfall and flooding conditions in the Murray and Murrumbidgee Rivers over recent months, ecological indicators such as river red gums, waterbirds, frogs and native fish numbers have already significantly recovered, which lends support to the theory above. If this is the case, the environmental impact of irrigation water extraction may be far less than has apparently been assessed.
- It may take some time to really determine whether the ecosystems have or are returning to a healthy state. However, it would seem to be a far better option to wait and observe over a reasonable period of time, rather than implement actions that will have extremely adverse production and human impacts, which may be based on flawed and/or untested environmental assumptions;
- Following the recent high rainfalls and flooding of environmental sites, surely a thorough review of the environmental watering requirements assessed in the Guide can now be carried out in co-operation with State Agencies, taking full account of the quantum of actual river flows which occurred and the degree to which the identified environmental sites were watered;
- To a large extent, irrigation itself provides significant environmental benefits throughout the Basin's catchments – there appears to be no recognition given to such benefits and environmentally conscious farming practices.

5. Sustainable Diversion Limits (SDLs)

In respect of catchments providing water to the Leeton area, the proposed Sustainable Diversion Limits (SDLs) for the three scenarios of 3,000 GL/y, 3,500 GL/y or 4,000 GL/y additional environmental water take are as follows:-

- Murrumbidgee (NSW) – Surface Water

At 3,000 GL/y - watercourse diversions reduced from 2,061 GL/y to 1,396 GL/y (32%)
At 3,500 GL/y - watercourse diversions reduced from 2,061 GL/y to 1,281 GL/y (38%)
At 4,000 GL/y - watercourse diversions reduced from 2,061 GL/y to 1,169 GL/y (43%)

Leeton's comments on Sustainable Diversion Limits

- The substantial reductions in watercourse diversions as proposed will have disastrous impacts on irrigated food and fibre production, resulting in serious flow on impacts to this community, associated industries, local businesses and services generally;
- The proposed SDL's are predicated on the proposed additional environmental watering requirements, which are dealt with in Part 4 above of this submission;
- There is scope to minimise the proposed environmental watering requirements, through infrastructure modernisation and other engineering efficiency initiatives at the identified environmental sites, and within the on-farm and off-farm irrigation schemes and systems;
- Other methods and opportunities for securing additional environmental water need to be fully explored, for example annual purchase or lease of temporary water available on the market;
- In the final determination of the environmental watering requirements and SDLs, full account must be taken of all Commonwealth and State Government water savings

projects dedicated to environmental flows already undertaken or yet to be undertaken (including Water for Rivers, The Living Murray and other programs), as well as taking full account of all of the water entitlements buyback programs both past and proposed;

- Minimisation of environmental watering requirements through better science and other solutions will enable corresponding increases in the SDLs.

6. Social and Economic Considerations

- In preparing the final draft Murray Darling Basin Plan, MDBA needs to take into account the legal advice of the Australian Solicitor General to the Commonwealth Water Minister Tony Burke MP and to give full and detailed consideration to achieving a triple bottom line balanced outcome between environmental, economic and social considerations.

- Minister Burke's clearly stated objectives are to achieve outcomes that provide for Healthy Rivers, Food Production and Sustainable Communities

- It is a logical fact that any substantial loss of irrigation water from the Murray Darling Basin system will have significant social, economic and psychological/mental health impacts on farmers, families, communities, towns and businesses;

- Currently, there are huge discrepancies between the ABARE projected socio-economic impacts as set out in the Guide of only 800 job losses and only a $800,000 reduction in gross irrigated agricultural activity (based on 3,000 GL/y additional environmental water), in comparison to other socio-economic studies undertaken which have clearly demonstrated significantly greater adverse impacts;

- One such comprehensive study of relevance includes the work carried out by Judith Stubbs and Associates, which was presented to MDBA but apparently not considered to be of use. The Stubbs' Study demonstrated very substantial impacts in respect of two LGA case studies, namely Griffith City and Mildura City. Leeton is also recognised as likely to be significantly impacted;

- In broad summary, the Stubbs study projects substantial impacts on employment and population, based on the potential 10%, 25% and 50% cuts in productive water availability. For example, using a potential 25% cut (somewhat less than the proposed 32-43% reductions as set out in the Guide), employment in Griffith would drop by 9.5% and population by 12.7%. In Mildura, again based on a 25 % cut projection, employment would drop 7.3% and population by 8.5%. Similar impacts are anticipated for Leeton;

- Like many Local Government Councils from throughout the Basin, Leeton is already undertaking extensive community profiling and studying impacts of reduced water availability, under the Commonwealth Government's Strengthening Basin Communities Program. The appointed MDBA Consultants should liaise closely with Council in this regard, as part of the new economic and social impacts program;

- Chapter 7 of the Guide appears to be very general and simply concludes *"that the Authority has judged that only with reductions in current diversion limits of 3,000 to 4,000 GL can it optimise social, economic and environmental outcomes, as it is required to do so under the Water Act. The Authority is concerned that reductions in*

diversion limits of greater than 4,000 GL would have implications for the social and economic fabric of the basin severe enough to prevent the Authority from complying with the Water Act" ;

- However, Appendix C to the Guide's Irrigation District Community Profiles for the Murrumbidgee Region (pages 899 to 937), prepared by Marsden Jacob Associates clearly spells out the key issues for each of those regions and concludes inter-alia that *"water reductions of greater than 20% will result in many farm businesses becoming unviable, with direct flow-on impacts occurring at the community level"*;

- It is concerning that MDBA seems to very much discount the thrust of the Marsden Jacob work. It concludes *"It is important to note that this analysis of the potential social and economic impacts of reductions in current diversion limits starts with the assumption that no transitional support or assistance will be provided by government and, as such, represents an extreme scenario of what could occur. The Australian Government has clearly indicated that this will not be the approach"*. This is seen as an attempt to gloss over the real outcomes of the report, and at this stage in the absence of any definitive assistance measures that would minimise the impacts.

- The new MDBA Study into the Assessment of Local Community Impacts must be undertaken having regard to the ASG legal advice. The Study must be comprehensive and thorough, examining in detail the potential impacts in each of the 19 MDBA regions, based on extensive community consultation and the development of practical case studies. It should also have due regard to the outcomes of other socio-economic studies already undertaken throughout the Basin. And based on the MDBA summation of the Marsden Jacob report , it must identify what measures the Australian Government proposes to mitigate the impacts, as well as quantifying the projected mitigation outcomes that such assistance measures would in practice achieve;

- The Project Brief for the new MDBA Study recently issued is of great concern, in that it appears likely to commence in early December 2010; is required to deliver initial findings and a Discussion Paper within 8 weeks (I.e. by the end of January 2011); then prepare a detailed draft report on the project (time not specified); then a detailed Final Report by 15th March 2011, which is to incorporate feedback from MDBA on the draft report and also for the consultants to participate in "up to" three public workshops to present the results of the project;

- The entire impacts assessment project is required to be completed by 15th March. This appears to be a rushed timetable and process, which gives us little confidence that the report will be thorough and comprehensive, or that it provides sufficient opportunity for community and stakeholder input.

- In the new socio-economic study Brief, there appears to be little indication that MDBA is proposing to take full account of the advice given to the Australian Solicitor General to Water Minister Burke, whereby the economic and social considerations are to be given the highest level of importance and weighting, as has already been given to the environmental watering requirements and SDL determinations.

7. Parliamentary Inquiries – relationships and timing to Draft Plan release

The Commonwealth Government announced the setting up of two formal Inquiries in relation to the proposed Murray Darling Basin Plan, these being:-

- The House of Representatives Standing Committee on Regional Australia's Parliamentary Inquiry to be chaired by Tony Windsor MP. The Terms of Reference require that the Committee specifically focus on the socio-economic impact of the MDBA Guide to the proposed MDB Plan and initial submissions are required by 15th December 2010;

- The Commonwealth Senate Inquiry into the management of the Murray Darling Basin and the development and implementation of the MDB Plan, to be chaired by Senator Bill Heffernan, to which this submission is directed.

It is considered critical that the MDBA take full account of these Parliamentary Inquiries and their final reports and recommendations, preferably in conjunction with the release of the draft MDB Plan, provided that the respective timetables allow this to occur. This is particularly relevant in respect of the House of Representatives Windsor Inquiry, which proposes to report to the Government in April/May 2011.

8. Food and fibre production and security – National and Global considerations

- In preparation of the draft Murray Darling Basin Plan, the importance of food and fibre production and security, in both a national and global context, must be given consideration at the highest level;

- In 2005-2006, the gross value of irrigated agricultural production in the MDB was approximately $5.5 billion, representing around 45% of Australia's irrigated agricultural production and 14% of overall Australian agricultural production;

- The total size of the MDB economy – in terms of gross regional product (GRP) – was around $59 billion in 2000-2001, representing around 8% of Australian gross domestic product (GDP);

- In 2006, the MDB accounted for approximately 10% of total national employment, employing around 920,000 people. Of these, 96,000 people were employed directly in agriculture and in agriculture related services;

- The worldwide human population is growing fast – from 6.5 billion in 2010 to an estimated 9.1 billion by 2050. Almost 1 billion people go hungry every day;

- Demand for protein food, especially in China and India, is rising even faster. Food wastage worldwide is also a significant issue and total food demand could therefore rise 110% by 2050, which will by 2050 represent a need to feed the equivalent of some 13 billion people;

- Sustaining the world's food supply is the greatest challenge of our time – more urgent than climate change;

- The long term security and sustainability of Australian food production is absolutely critical to our national interests – both in terms of our economy and in protecting against the potential for future world instability;

- Therefore, just as Australia has global responsibilities for the environment, it has international humanity obligations as well – hence the critical importance of maintaining food production capacities in the Murray Darling Basin;

- Food production and food security are therefore very important components of the Murray Darling Basin Plan.

9. Potential for Alternative Water Solutions

- Insufficient consideration has so far been given to the issue of alternative water solutions for the Murray Darling Basin's water resources and management. The draft Plan must not simply look at the problems that exist, it must also investigate potential long term solutions;

- Leeton Shire Council does not have the resources or technical expertise to recommend specific solutions, but it proposes that MDBA should in preparing the draft Plan investigate all potential options for the generation of new water sources for the Basin, as well as ways to better manage the existing resources within the Basin, including inter alia the following matters;

- Harvesting and re-directing surplus water resources form northern Australia and the eastern seaboard in Queensland and New South Wales;

- Increased innovation and development of cloud seeding technology;

- New and innovative irrigation technologies and infrastructure, both on and off farm;

- New infrastructure projects, including additional and /or expanded water storages, for example a new storage at Wellington in South Australia, or expansion of storages such as Lake Buffalo and Lake William Hovell in north east Victoria;

- Engineering solutions to reduce major evaporation losses, e.g. Menindee Lakes, Lower Lakes;

- Engineering solutions to more effectively and efficiently deliver water to the MDB environmental assets,

- Ways to generate additional water supplies to capital cities and reduce reliance on the existing Murray River resources, e.g. de-salination plants and associated pipeline systems, new or expanded storages in capital city catchments;

The MDB draft Plan cannot be a complete and satisfactory plan, unless it identifies and investigates potential solutions to the problem.

Summary

Leeton Shire Council acknowledges and welcomed the MDBA's decision to publicly release this Guide to the draft Murray Darling Basin Plan, as an additional step in the consultation process. The opportunity to provide this feedback to the Guide document is also appreciated.

However, the proposals for quantities of water proposed to be removed from productive purposes for additional environmental watering are unacceptable. Those proposals will impact severely on food production capacity and will decimate rural farmers and irrigation farming communities.

It is our submission that the implementation to all the parties concerned that the proposed SDL's reductions for Leeton have the potential to:

a) Impact on the rice industry to the extent that it would make the sector unviable, resulting in the possible loss of the associated manufacturing industry. The value adding that the processing mill brings is substantial, and loss of this facility would not only impact on direct production and local jobs, but also on the support services reliant on that business – particularly transport, technical, and engineering services.
b) Also curtail the secondary crop production that is associated with rice harvesting. Once harvested the soil moisture is utilised for a secondary crop (usually grain – wheat or barley) that services both the poultry industry, and the beef (feed lot) industry. Similarly, loss of productive capacity in this area will have significant flow down impacts on these major employers and again negatively impact on food production capability.
c) Precipitate substantial job losses in the Leeton Shire area with resultant negative consequences for population stability, service industry viability, retail sector demise, housing market collapse, and education sector downturn.

The highly intensive agricultural (food) production feature of Leeton – the birthplace of the Murrumbidgee Irrigation Area (MIA); renders it particularly vulnerable to reductions in irrigation water availability. Not only would the current proposals translate into an immediate impact on food production and an end to a significant number of farming families in this area; it would also flow down to both the loss of major manufacturing industry in Leeton, and consequently an end to small business viability in the Shire as primary income streams cease.

This community has experienced substantial hardship throughout the past 10 years as drought forced farmers to incur increasing debt levels just to survive. Many of these farmers are now poised on the brink of recovery and a chance to reduce some of that massive debt, but now face the uncertainty that a man made (legislatively imposed) permanent artificial drought will potentially bring. Community confidence has been challenged, and with it has come understandable anger and frustration. The responses so far to the naive and inaccurate Basin Plan documentation reflect that mood.

We urge the Senate Inquiry to report that the MDBA reappraise the approach so far, and to positively and genuinely work with our community to find a balanced and equitable solution to the challenges facing us all.

Cr Paul Maytom
MAYOR