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Independent Panel
Assessing Social and Economic Conditions
in the Murray-Darling Basin
<https://www.basin-socio-economic.com.au/draft-report-submission>

**Response to the draft report of the Independent Panel Assessment
of Social and Economic Conditions in the Murray-Darling Basin (the Sefton report)**

7 April 2020

Dear panel members,

Thank you for the opportunity to comment on the draft report released last month by the Independent Panel assessing social and economic conditions in the Murray-Darling Basin. I understand that feedback will be incorporated into the final report due to be delivered to the Minister for Water, the Hon Keith Pitt MP on 30 April 2020.

By way of background on myself, I have spent most of my life in the Murray-Darling Basin. I grew up on mixed agriculture (including rice production) farms near Barham and later Jerilderie in southern New South Wales. For the last 36 years I have lived in Shepparton in northern Victoria. I was a joint proprietor of the Jerilderie property until it was sold in 2008 during zero water allocations towards the end of the Millennium Drought. I have been involved in the water industry for at least the last 25 years. I was elected as the Independent Member of Parliament for Shepparton District at the 2014 Victorian State election. I previously practised as a regional lawyer in Shepparton and maintained a deep knowledge of the operations of farming families in my community across the Goulburn Murray Irrigation District (GMID).

My overall response is that the report certainly highlights the devastating socio-economic consequences for many communities across the Murray-Darling Basin. While it recognises that southern Basin communities have been significantly affected, I do not believe the report adequately acknowledges or gives enough weight to multiple socioeconomic impact evaluation reports. These include the 2016 RMCG report on behalf of GMID Water Leadership¹, the subsequent Victorian government report² confirming RMCG report's findings and outcomes, and indeed, the MDBA community profiles in its 2017 Basin Plan Evaluation³.

¹ 'Basin Plan GMID socio-economic impact assessment', Final Report, October 2016. RMCG on behalf of GMID Water Leadership.

² 'Social and economic impacts of the Basin Plan in Victoria', February 2017. Report by Tim Cummins & Associates and Frontier Economics for the Victorian Government.

³ Southern Basin Community Profiles, MDBA 2017 Basin Plan Evaluation, <https://www.mdba.gov.au/publications/mdba-reports/southern-basin-community-profiles>

In preparing feedback I acknowledge the panel's work, noting that I attended the Shepparton public meeting and heard the great distress being experienced, particularly by dairy farmers, because of low water availability and very high prices on the temporary water market that so many farmers in our area must now rely on. It is important to acknowledge that some communities such as ours in the GMID have borne the brunt of the Murray-Darling Basin Plan and other water reforms. Leaving the dairy industry has been the only option for many who are worn out and burdened with debt after battling the perfect storm of water reform, drought, floods and low milk prices. Hundreds of GMID dairy farmers have exited since 2016, with more to follow.

It is now apparent that Basin States and the Australian Government accepted from the start that some farming communities would suffer substantial socioeconomic hardship from the roll-out of the Murray-Darling Basin Plan and removal of large volumes of water from the irrigation pool.

It was well understood among public servants, the MDBA and Basin Governments when the Basin Plan was signed in 2012, that the pain of adjustment would be unevenly distributed, and that the burden in the southern Basin would fall heaviest on the GMID and the Murray Irrigation Limited district in the southern NSW Riverina. This outlook was certainly not communicated clearly at the time to the communities now so detrimentally affected.

Since then, and despite the negative impacts in these regions going beyond what was modelled in multiple reports leading up to the Basin Plan being signed, the impacts still have not been sufficiently monitored, understood or even acknowledged. For the people living with the negative consequences of water reform every day, the impacts are all too clear, but governments and the MDBA seek to minimise this or deflect blame away from the Basin Plan wherever possible.

More than 40 reports, reviews, inquiries, commissions and the like have examined Basin Plan impacts, yet the Basin Ministerial Council has largely ignored almost all recommendations. The Basin Plan is supposed to be an adaptive management plan whose implementation is constantly refined and adjusted as new information and science becomes available. Yet, despite plenty of new information and science showing unintended, unforeseen and perverse impacts emerging, the 2012 Basin Plan continues to be rigidly implemented as if the world has not changed and we have learnt nothing from the last eight years.

As we move into the final phase of the Basin Plan's roll-out leading up to 2024, continued rigid implementation of the 2012 Plan will effectively put the final nails in the coffin for many farmers, small towns and communities in the southern Basin. Those constructing the Plan were aware this was a high risk, but may not have realised the pain would be so localised and the risk would be so acute in certain areas such as the GMID and the southern NSW Riverina.

The Australian Government appears to have no intention of changing course, and its lack of action on so many reports suggests a deep cynicism about consultation and evaluation processes. This is nowhere more apparent than the lack of action on the most important recommendations by the Productivity Commission in its 2018 evaluation: that roll-out of the Plan should be slowed, the timelines should be extended, and there should be much more flexibility going forward.

In this brief response, I make the following points:

- **The northern Basin.** What has been going on in the northern Basin has escaped sufficient scrutiny for too many years. The lack of metering, compliance and unrestrained construction of dams on private land for floodplain harvesting are remarkable. The Independent Inspector General for the northern Basin failed to comprehend the complexity of these circumstances and chose rather to criticise the Federal Department when the NSW Government is clearly also at fault in failing to properly manage water resources in a fair and even-handed manner across the whole State. The extraordinary power of the National Party in Queensland and northern NSW perpetuates this imbalance at State and federal levels.
- **Constraints.** It is extremely disappointing that the Independent Panel's draft report calls for progress on relaxing constraints in the southern Basin (Recommendation 2). Riparian landholders are being expected to bear third-party impacts from water reforms without compensation – and without even basic information detailing exactly how and how often each property will be affected.

Further, relaxing constraints is being pursued as a way to ensure that the Murray system can deliver more water downstream to meet consumptive and environment demand and make up for more frequent shortfalls from the Darling River system. Again, it is extraordinary the extent to which the southern Basin is called upon to bear the unfair burden of delivering water to South Australia when for some time, the northern Basin has contributed little if any water and now enjoys a political outcome that reduces its flows into the Murray system even in good years.

I support the Victorian Government position against compulsory acquisition of land to facilitate a constraints policy going forward. It is incomprehensible to me that independent panel would contemplate imposing third-party impacts on private landholders to achieve outcomes downstream at the expense of farmers and communities in the mid-Murray region. Clearly the balance of power, even with this panel, continues to reside with and in the northern Basin.

- **Environmental degradation.** The independent panel's draft report fails to appropriately recognise the damage to the Goulburn River, Broken Creek and the Barmah Choke on the Murray River, caused by Basin Plan and other water reforms driving a shift in the location, timing and volume of demand downstream, away from the established irrigation districts.

The extent of this degradation has become all too apparent in the last two years. The Victorian Water Minister Lisa Neville has accepted the evidence and indeed visited damaged sites on the Goulburn River herself in 2019. While Victoria attempts to take steps at a State level to mitigate the damage, the Australian Government, the MDBA and other States are resisting policies to mitigate and reverse the damage. The resistance reflects the Basin Plan's inflexibility in requiring vast amounts of freshwater to be delivered to South Australia even at the cost of environmental damage to Victoria and NSW rivers. This seems to be regarded as merely a by-product of achieving the Basin Plan's primary objective to look after the Lower Lakes, Coorong and Murray Mouth.

- **Onus of proof.** The Australian Government must bear the onus of proof that the Plan will deliver enhanced environmental, working river, and social well-being benefits. It has failed to do this to date and there is little trust in government or the MDBA in our communities across the southern Basin. Those responsible for implementing the Plan, who are fond of telling communities the reforms will be good for them, simply lack any credibility now that Basin communities have lived experience of the reforms.
- **Investment in communities.** It is important to note that as the Plan has rolled out, there has been substantial investment in irrigation modernisation and other water infrastructure projects. However, there has been little meaningful investment in improving the lives of those who live in our rural communities. It is an incontrovertible fact that health, education and connectivity outcomes for people in rural areas, to name a few, are substantially inferior to those living in metropolitan areas. The \$13 billion investment in the Murray-Darling Basin Plan has not translated to achieving better outcomes in these areas or supporting transitions to new ways of farming, diversifying agricultural production base, and generating new industry and economic activity.
- **The 450 GL efficiency measures.** Relentless pursuit of another 450 gegalitres, or ‘upwater’, above the Basin Plan’s 2750 GL recovery target, must be abandoned. The independent panel’s final report should be very definite about this. Additional water recovery from the irrigation pool cannot be achieved without compounding already unacceptable socio-economic hardship in some Basin regions. This is widely accepted as a fact. Even if the water were recovered, constraints mean it cannot be delivered to achieve the hoped-for environmental benefits indicated in flawed black-box modelling by the MDBA. In truth, another 450 GL guarantees nothing in terms of better environmental outcomes, but it does guarantee the final blow to already socioeconomically weakened irrigation industries and communities in the mid-Murray.
- **Threats.** The former Federal Water Minister, the Hon David Littleproud was very quick to threaten more water entitlement buybacks in the southern Basin if the Plan was not delivered in full and on time. The independent panel’s final report should be very clear that no more buybacks should occur due to the devastating and uneven impacts of previous buyback rounds in limiting water availability and driving up water prices to grow food.
- **COVID19.** The COVID19 pandemic is a recent development that the independent panel could not have factored into its draft report, but needs to acknowledge in its final report. The pandemic is changing the rural landscape in response to other countries closing their borders, panic buying of food staples in Australia and fear of the future have writ large the need to support food production in the Murray-Darling Basin. Many staple foods grown here, such as rice and tomatoes, cannot be grown anywhere else in Australia – and they must be irrigated.
- **Diversity of food production** is critically important in the southern Basin. While Australia produces more than it needs across many foodstuffs, drought and water reforms are

disproportionately affecting production of food staples in the Murray-Darling Basin, such as rice and dairy.

Extremely small rice harvests in 2019 and 2020 in the NSW Riverina have increased Australia's reliance on imported rice at a time when demand here and overseas has surged on the back of the COVID19 pandemic. International rice supplies were already tight due to drought in exporting nations such as Thailand and Vietnam, and locusts taking their toll on harvests in northern Africa, the Middle East, India and Pakistan. Compounding the risks to Australian security of supply are signs that Vietnam, China and others are moving to ban or limit rice exports to ensure food security within their own borders due to COVID19.

Similarly, contraction of the dairy industry, particularly in northern Victoria and southern New South Wales, has led to the closure of milk processers and high demand for the milk currently being produced. Insufficient local milk supply has meant import replacement from other dairy regions on the eastern seaboard and in some cases, dairy products being imported from New Zealand.

The dairy industry in northern Victorian is in the midst of a forced transition away from the intensively irrigated, pasture-based systems of the past. The future requires new, diverse and flexible farming systems better suited to prosper in an operating environment where water is now less secure and more expensive.

Government water reforms are driving the Basin dairy transition, yet government has been reluctant to invest in Research, Development and especially Extension programs to give farmers' the knowledge, capacity and the capital for infrastructure to make the change. The only support offered to date has been conditional on farmers agreeing to give up more water and thereby compound the Basin Plan's vicious circle of ever less water at ever higher prices. A devil's bargain, indeed.

In Conclusion

The Murray-Darling Basin has experienced enormous change since early settlement. Irrigation from rivers and streams commenced more than a century ago, followed by nation-building projects of dam building and river diversions to achieve both energy generation and establish irrigation districts to grow food to feed a growing nation and generate wealth through exports.

Food production is critical to the well-being of every member of Australian society. Australian agriculture has a massive positive impact on the wealth of this nation because of its capacity to export food and fibre, and irrigated agriculture in the Basin is the epicentre of this wealth generation. While the challenges of achieving better environmental outcomes have been acknowledged, this has occurred without rigorous scientific research and modelling, leading to what is now an extremely flawed Murray-Darling Basin Plan.

The panel's recognition that the current timelines cannot be achieved is important; this must be brought home to government at every level. Not only is the survival of our rural communities essential but the food security and well-being of Australia depends upon it. This should be the priority and the process should have the integrity to achieve more balanced outcomes.

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