



Submission - draft report

“Independent Assessment of Social and Economic Conditions in the Basin”

From Leeton Shire Council

Contact: Jackie Kruger
General Manager

jackiekr@leeton.nsw.gov.au

phone [REDACTED]

6 April 2020

Attention Chairperson, Robbie Sefton

Thank you for the opportunity to comment on the draft. Council congratulates the Committee on its work and acknowledges the complexity and (sometimes) sensitivity of the task.

Our responses are under 3 main headings.

1. **Community engagement and education**

We agree that communities need to be brought back to the heart of conversations and actions that decide their future. There has been significant engagement over many years but it has not been authentic. We agree that tokenistic consultation fuels mistrust and this needs to stop in favour of genuine conversations and mutual respect.

We agree that there is an urgent need to improve water literacy of participants and users of basin assets. However, we consider that there needs to be a specific focus on the literacy of farmers individually as well as the literacy of communities collectively. Leeton Shire Council contends that the value of the whole is worth more than the individual parts, and for this reason communities and businesses (including farming businesses) need to better understand the cumulative impacts of their water trading decisions on their immediate region and their local communities (and ultimately themselves).

We agree that there needs to be a greater focus on the First Nation communities having meaningful access to water for cultural and economic purposes. We note that this may require investment by the government if it is to be achieved.

We agree that farmers and communities need ready and easy access to information and data related water trading and water management in order to facilitate improved and informed decision making at the local level.

Please can the report better describe the definitions of inner and outer regional areas and what the basis is for this distinction.

2. Increased investment in economic development

We accept that our economy is complex and evolving and that disentangling the drivers of structural change is an impossible task. Notwithstanding, we consider that to lead through the Murray Darling Basin Plan successfully we need to take a strong principles-based approach to our decision-making (agreed up front by all tiers of government). There simply is not enough water available to give everyone “an equal share” (or we risk facing our own tragedy of the commons) and there is certainly not enough water to open up new areas of production while current suitable sites wane. As a nation we need to make some hard strategic decisions and then actively support town and communities who are negatively impacted by the change.

We agree that Murray Darling Basin Economic Development Programs should be extended and expanded. Investment should support the generation of sustainable jobs and growth to counter the ongoing impacts of water reform on local economies.

While we appreciate that several communities desperately need resourcing to attract and retain frontline service providers that specialise in addressing household distress, mental health and financial hardship, we consider scaling this up should be a time-limited intervention in favour of economic development and programs that foster resilience. We support the idea of action and outcome plans with the long term in mind, but projects undertaken need to build community not create dependency.

The report could be strengthened in regards noting the opportunities to build new streams of work that maximise the benefits of environmental water. Local knowledge is often key to making the best decisions about environmental watering and providing flow on benefits to local communities as well as weeds eradication, riparian land management, pest control, fish migration and restoration of fish habitats etc.

We support the call for investment in enabling infrastructure including improved communications and transport (roads, rail and air).

The report correctly states that economic diversity makes communities more resilient to economic shocks, but leans towards combining all agriculture under one heading. The report needs to more overtly focus on the resilience that exists within communities that have a diverse range of agricultural product and value adding chains. This is critically important as diversity in agriculture also cushions communities from economic shocks. The old adage ‘don’t put all your eggs in one basket’ continues to ring true for agriculturally based communities. The report notes Leeton as not being economically diverse however

fails to recognise that the area grows rice, citrus, nuts, cotton, grapes, beef, cereals – all of which have their own value adding chains. So, yes, while the industries are generally agriculturally based, when one commodity takes a hit, the other commodities help Leeton bare the brunt. It is vital that governments understand that diversity of agriculture type is as important as the diversity of industry. For this reason governments need to make more strategic decisions about water allocation than mindlessly leaving it up to the water market.

We recommend checking the veracity of draft finding 16. It is our understanding that some areas continue to thrive despite reductions in the availability of productive water, mainly due to smarter farming practices.

For the sake of clarity, we recommend the final version talks about ‘temporary water’ instead of ‘allocation water’. This is because high security water is also allocated annually.

We also think draft finding 34 makes an unjustifiable connection between infrastructure improvement and water price rises, or if this was supposed to relate to increased nut planting driving up the price of water, then the point needs to be clearer.

3. **Increased investment in infrastructure**

In our view the report fails to adequately recognise the significant value of existing irrigation schemes both in terms of feeding the nation and, most importantly, for facilitating the most efficient application of water for productive purposes. These are 100 year old nation building schemes (not only since 1950s as stated in the report) that would cost tens of billions to construct today. Significant investment has been made in modernising the schemes so that they remain fit for purpose and efficient. Irrigation areas with networks of canals and channels are the most productive and profitable farmlands in Australia. Being less than 0.5% of Australia’s productive lands they simply must be optimised before new greenfield sites - that risk greater volumes of conveyance loss - and drive reductions in general security allocations are allowed to be developed.

4.

It is our view that the report promotes too much the ‘socialising of the spread of productive water’ across the Basin when Australia, which is a dry continent facing even greater extremes due to climate change, should be calling for policies that promote water efficiency as a priority. The report recognises that there are ‘winners and losers’ to some extent as a result of the Basin Plan and while this is devastating for some communities, plans should be made to compensate and support these communities to adapt. However for communities with established irrigation schemes every effort should be made to ensure they are supported to fully optimise their agricultural productivity potential.

We contend that the report should encourage governments to appropriately value these nation building schemes (NPV) and the regions and communities that have seen them thrive over decades. We are very concerned that the report infers that water should be spread equitably around the Basin, including the opening up of new off-river irrigation areas down stream on cheaper land. While this may be ‘politically correct’ it does not represent the leadership the country needs to ensure ‘every drop counts’. The bottom line is that it is more responsible to consolidate irrigated agriculture around schemes that are modern and efficient, ensuring water is used as effectively as possible, and support the less efficient

areas to identify an alternative future. Most certainly, greenfields developments below the Barmah are unsustainable (see Almonds Australia voluntary moratorium), with water delivery being inefficient, impactful on the riverbanks and unnecessarily costly if constraints are to be technically overcome which incorrectly presumes high value crops are the best thing for the nation.

The COVID-19 pandemic has brought into sharp focus the need for Australia to be more self-sufficient in staple foods like rice. Residents of Australia's major centres rely on the regions to deliver fresh and safe food. The water policy environment should support these well established industries to continue to thrive, and measures of economic success should be based on a whole-of-community assessment of the value adding chain and trickle down effects of the sector. Making an assessment about the value of water based solely on commodity prices at the farm gate is a fundamentally flawed notion .

The report suggests that regions that adopted on-farm efficiency measures are faring better than those that opted for direct buybacks. This is a matter of fact. We are uncomfortable that the report states that on-farm efficiency projects have led to increased water use overall and not less, insinuating that water is being wasted or that greed has prevailed. This is simply not a correct statement. While some progressive farmers who took up the on-farm efficiency opportunities may have subsequently purchased more water to further expand their farming endeavours, they have increased their productive yields commensurately. Sections of the report need to be reworded to make it abundantly clear that the on-farm efficiency projects have not led to increased water use in themselves. There is a complex set of factors that would have contributed to this outcome, not the opportunity to invest in the infrastructure alone. Factors may have included positive messaging from local leadership, the general 'cultural' appetite for risk, skill levels and having a progressive attitude. Importantly, on-farm efficiency schemes as a principle (and unrelated to water recovery) should continue to be promoted at every turn.

We question the validity of the statement that off-farm efficiency projects do not take water out of the consumptive pool – it is our understanding that they too had to return water to the environment as part of their 'deal'. Murrumbidgee Irrigation Ltd, we understand, gave 50 GL (plus) back to the environment. (CEWH).

Conclusion

In conclusion, the Independent Assessment of Social and Economic Conditions in the Basin report provides a solid set of recommendations – many of which resonate with the findings of the Productivity Commission's 5-year review (2018). It is imperative that the federal and state governments pursue these recommendations with vigour in order to bring some common sense into the remaining roll out of the Murray Darling Basin Plan. To mindlessly pursue numbers and dates without regard for the latest science or the latest reports (eg upcoming ACCC Enquiry into Water Trading) or the impacts of decisions on longstanding communities that feed the nation, would be both negligent and immoral. The MDB Plan needs to be flexible and adaptable. Further recovery of productive water absolutely needs to be slowed.

Leeton Shire Council considers Australia's irrigation farmers to be world leaders. Through improved water efficiency they are delivering enormous benefit to Australia and country communities. We

must never forget that irrigation infrastructure was built as a way to overcome Australia's constraints and water availability.

Despite our variable climate, our irrigation endeavours have enabled significant food and fibre production and flourishing industries. Optimising their potential has got to be a cornerstone of the Murray Darling Basin Plan.

Thanks again for the opportunity to comment on the draft report.

Yours faithfully



Paul Maytom
Mayor



Jackie Kruger
General Manager