



AUSTRALIAN FOOD & AGRICULTURE

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Basin Plan Inquiry
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2604

Dear Productivity Commission

I write to you in my capacity as a Director and Shareholder of the Australian Food & Agriculture Company Ltd (AFA).

AFA is a privately owned diversified agricultural business with significant landholdings situated to the north of Deniliquin, comprising 123,000 hectares and including Boonoke, Warriston, Peppinella, Wanganella, Zara and Barratta. These properties have an extensive 90km (in some parts double) frontage to the Billabong Creek, which supports sheep / cattle breeding and grazing, the recently constructed Conargo Feedlot, as well as irrigated cropping. The properties are also home to the historical and influential Wanganella (est. 1861) and Poll Boonoke (est. 1934) Merino Studs. The Wanganella Stud is 157 years old and carried the original Peppin flock from which so much of Australia's Merino flock was derived. It has been shown that 85% of the registered studs were directly related to Wanganella, and therefore 95% of the Australian Merino Flock had been shaped by Wanganella genetics.

The Billabong Creek is an integral part of the operation of our properties and has been for more than 150 years.

As current custodians of these historic properties, we are appalled by what appears to be a short-sighted approach to appeasing the political demands of the Murray Darling Basin Plan. We have been led to believe we could rely on the Billabong Creek after the Forest Creek was disastrously shut down a decade ago, but the proposals described below appear as though they are being rushed through with no consultation. We don't trust that the proposals will be given due process or be implemented properly, therefore we intend to use whatever resources and legal advice may be required to avoid the same environmental vandalism that occurred with the Forest Creek.

We therefore write to you to describe our concerns with the SDL projects proposed for the Murrumbidgee River and in particular for the Yanco Creek System (YCS) and to request your support to stop these projects proceeding.

The Murray Darling Basin Plan sets sustainable diversion limits (SDL), which is how much water can be used in the Murray–Darling Basin, while leaving enough water to sustain natural ecosystems. The Basin Plan includes a mechanism to adjust sustainable diversion limits in the southern Basin. The mechanism requires a suite of projects to be implemented – some projects purporting Basin Plan environmental outcomes to be achieved with less water.

Of concern to us are the SDL adjustment projects listed below:

- Improved flow management works at the Murrumbidgee River – Yanco Creek Offtake
- Modernising supply systems for effluent creeks – Murrumbidgee River
- Computer Aided River Management (CARM) along the Murrumbidgee River

Whilst we understand that the projects are all related, we have focussed on the first two due to their potential impact.

That being said, we are also wary of the current non-performance of the CARM project which has been in development for the last 10 years, and to date has not delivered any benefit to YCS, such as a decent water ordering system or reduced lead times on orders for water. We have little faith in the current CARM program and this does not auger well for the following two proposed measures.

Our understanding of the basic premise of the first proposal is for a new regulator to be installed in Yanco Creek to allow regulation of flows between the Murrumbidgee River and Yanco Creek. The business case for the proposal purports that operation of the regulator during targeted environmental watering events for the Mid Murrumbidgee wetlands improves watering efficiency of the environmental asset and thus achieves an SDL adjustment of 10-15GL.

The business case for the second proposal centres around investments to modernise the supply arrangement for diversions from the Yanco Creek System. An SDL adjustment of 14GL is estimated based on less water entering the Yanco Creek system.

We draw attention to the MDBA website, which contains a summary of the “Package of Supply, Constraints and Efficiency Measures Agreed By The Murray-Darling Basin Ministerial Council on 16 June 2017 (<https://www.mdba.gov.au/sites/default/files/docs/Package-constraint-supply-efficiency-measures.pdf>)”. This document summarises that both the Yanco Creek regulator proposal and Effluent Creeks proposal “aim to return the Yanco Creek system closer to a pre-development wetting/drying regime”.

We find the description used in the summary published on the MDBA website both alarming and terrifying. If the MDBA is willing to publish this language publicly, it raises significant doubt as to the true intention of the MDBA, Water NSW, regulatory bodies and politicians supporting the proposal. We therefore hold grave fears for what this means for the Yanco Creek System.

The Yanco Creek System consists of a series of creeks (Yanco, Colombo, Billabong and Forest Creek) and some ancillary creeks and anabranches, located on the southern side of the Murrumbidgee. It is the longest network of creeks in Australia and the Billabong Creek from above Holbrook to Moulamein is the single longest creek in the Southern Hemisphere. Commencing in 1855 and throughout the late 1800's a series of cuttings were constructed at the Murrumbidgee River to divert water to the Yanco Creek System under lower flow conditions than previously. The environment has adapted greatly over the ensuing 163 years since that first cutting supplied semi-permanent water into the system and even more so after the main Yanco weir was constructed in 1926, with various upgrades throughout the journey to enable a permanent water supply. Through this the creek system has developed fragile, unique and important environmental assets that cannot afford this new water regime proposed by the MDBA.

Our concerns in relation to the SDL projects are summarised as follows:

Environmental impacts

- The Billabong Creek supports a rare and valuable environment which we strongly believe should be protected. The Yanco Creek System has some of the best riparian and aquatic habitat in the entire Murray Darling Basin and to sacrifice its long-term environment for the sake of another is not acceptable. We have a growing population of Murray Cod since the big four floods of 2010, 2011, 2012 and 2016, the floods have appeared to be detrimental to the European Carp population and therefore allowed the Cod population to increase. We have an identified Trout Cod nursery and Eel Tailed Catfish breeding grounds within this system. The system also supports a vast array of rare and valuable bird life.

We have consulted both a leading ornithologist & wetlands ecologist and neither support the proposal from an environmental perspective.

We understand that none of the regional offices of NSW Office of Environment & Heritage (OEH), NSW Department of Primary Industries Fisheries (DPI), Murray / Riverina Local Land Services (LLS), or four local councils covering a vast area of southern NSW (Narrandera, Murrumbidgee, Federation and Edward River) support the proposal.

- In 2008 the Forest Creek was closed below the Warriston Weir, which included the Forest Creek, Tholabin Creek, Eight Mile Creek, Estuary Creek, Clarkes Creek, Forest Creek anabranch, Gum Creek, Swampy Creek and Bailere Creek (over 200km in total). What ensued was an environmental disgrace. Given that the Forest Creek, along with others mentioned above, flowed through our properties, we witnessed this environmental disaster first hand. The impact taken on the local flora and fauna was immeasurable. Since the closure of Forest Creek downstream of Warriston Weir, there has only been one really significant bird breeding event in Wanganella Swamp and Woolshed Swamp, and none in Rhyola Wetlands or Box Swamp - the bird breeding events were nearly annual events prior to closure of this system. Recent studies of the wetland areas on the Forest Creek have already identified the missing Australian Bittern and Southern Bell Frog from the target area that had been identified in abundance prior to the closure.

To this day, Water NSW appears unable to manage flows down the Forest Creek which creates in our mind huge doubt as to their ability to appropriately manage these projects without compromising the environment. We do not want to see another environmental disaster such as the Forest Creek closure occur within the main Yanco Creek System.

- Should the YCS be returned to a wetting and drying regime, or for that matter should Water NSW be unable to implement the management of the system appropriately following these ill-advised SDL projects proceeding against all opposition, environmental chaos will again ensue.

Economic & community impacts

- AFA employs up to 50 permanent and casual staff in the area at any time, along with many more local contractors. We spend tens of millions of dollars in local communities. The Billabong Creek provides us with stock water for approximately 70,000 sheep & 10,000 cattle, along with domestic water for us to 24 families that live on the creek system throughout our properties. Should the creek system be allowed to dry out for even a short period, the impact on our business is undeniable.

- Access to stock water would be impacted, internal and external boundaries will be compromised, land values affected and the terms of our water access licences breached.

Ultimately the NSW Government acknowledged these consequences occurred as a result of Forest Creek closure and a significant financial settlement in favour of local landholders followed.

- The Business Case for the Regulator assesses the economic risk to landholders of "regulation of flows down the Yanco (inflow reduction)" as "Unlikely" to occur and of "Moderate" consequence. We disagree with these assessments – the economic impact to us would be severe, and due to our experience with the Forest Creek fiasco, we are not convinced that mis-management of the system is unlikely. The resulting impact on the community would be equally severe.

Consultation process

- Both SDL proposals mention extensive community consultation, but AFA has not been directly consulted in regard to either. Whilst we do not believe we are any more important than any other family or business along the creek system, it defies logic that a full and transparent consultation process would not include some discussion with the largest landholder in that system. Including both the Billabong Creek and our frontage to the regulated section of the Forest Creek, we believe our landholdings represent over 10% of the total length of the regulated YCS.
- AFA's initial written objection to the Yanco Creek Regulator (within the specified word limit) was met with automatically generated generic responses from the MDBA, which indicates to us that our submission was not even considered. The latest generic email we received from the CEO of the MDBA in August expressed "with great pleasure that I can confirm with you that the adjustment to sustainable diversion limits (SDL) in the southern Basin passed the Senate". This type of communication is insulting and alarming given our written objections to the SDL projects – if this constitutes extensive community consultation it leads us to believe that the proposals are being pushed through without due concern for the communities they impact. With this in mind, we have engaged the services of a third party to investigate what the SDL projects mean and the impact they will have on our environment and our business. This is the first step in a series of questions, comments & dialogue around the SDL proposals and will be supported by legal advice as appropriate.

Other options are available

- A guiding principle of the SDL proposals is that "projects need to have positive or neutral socio-economic impacts on Basin communities and industries."

We have clearly articulated above why we believe that requirement will be breached should the Yanco Creek proposals proceed.

The 24-29 gigalitre SDL adjustments to be achieved from the projects is inconsequential in comparison to the environmental risks they create. 92 gigalitres have already been taken from the Yanco Creek System through the Murray Darling Basin Plan and related schemes, and the system has paid a high price in the political water debate.

A number of other SDL proposals being considered as part of the Murray Darling Basin Plan represent a much lower risk to the environment, communities and economic interests of landholders. Those proposals should be chosen – leave the risky Yanco Creek proposals alone.

- Within the Yanco Creek System, there are several smaller (individually) water saving projects that could and should be considered, as they represent a much lower risk and better value for taxpayer money. Investment in efficiency measures throughout the system would achieve these objectives.

We have already experienced what we believe is the environmental vandalism of the closure of the Forest Creek below the Warriston Weir and we are extremely sensitive to there being a repeat of this on the Billabong Creek through the installation of the proposed Yanco Creek regulator & associated infrastructure works throughout the Yanco Creek system. Without very stringent operational protocols and minimum flows that guarantee uninterrupted water supply to the full length of the Billabong Creek, the implementation of which we can trust, we fear the same will occur again.

As it seems like the proposed changes are being introduced by stealth without any proper consultation and with some government bodies and departments being muzzled, we are extremely apprehensive.

Supporters of the SDL proposals impacting the Yanco Creek are jeopardising a precious environment, struggling communities & viable agricultural businesses to potentially save a relatively small amount of water. This is in direct contravention of the principles guiding the selection of the SDL measures.

Should you wish to discuss with us directly, please contact myself

Yours faithfully

AUSTRALIAN FOOD & AGRICULTURE COMPANY LIMITED

LEWIS BELL
Director