

## Productivity Commission Inquiry – Effectiveness of the Implementation of the Basin Plan

The Balonne Shire Council submits the following response to the Productivity Commission inquiry regarding the assessment of the effectiveness of the implementation of the Murray-Darling Basin Plan as articulated in the Productivity Commission Issues Paper March 2018.

### **Snapshot - Balonne Shire, Queensland**

#### **Townships**

St George is the central hub for the shire of Balonne, servicing outlying towns of Dirranbandi, Bollon, Thallon, Mungindi and Hebel. Small localities such as Nindigully, Alton, Bindle, Boolba and Dareell are places of historic significance and important community hubs.

Shire	31, 151.8km <sup>2</sup>
Resident Population	4480 people
Shire GRP	\$672 million
Total Businesses	852
Percentage of businesses with < \$2 million turnover	7.4%
Agricultural GRP - 2016	\$343.2 million
Agricultural GRP Estimate - non-drought year	\$680 - \$1,029 million
MDBA Region	Condamine-Balonne
Irrigation Region	Lower Balonne
Highest Employment By Industry	31% Agriculture

2016 Census

### **Key Issues and Concerns**

If the Lower Balonne is forced to move to the recovery target of 390GL, the Balonne Shire region will not recover. The Lower Balonne regional economy is one of the most water dependent economies in Queensland<sup>2</sup>. Our key issues and concerns are:

- Crippling effects for the Shire at the 390GL recovery target.
- The impact on Aboriginal peoples (15.9% of Shire population) who have strong cultural connections to water.
- Increased unemployment particularly in the unskilled labour area.
- Importance of the Balonne GRP to Queensland's prosperity – estimated \$1,029 million (non-drought year).
- High risks of the Plan achieving water-planning objectives, due to the lack of bi-partisan support, the incongruity between the States and the absence of localised mechanisms ("localism") in relation to the management of environmental water.
- Lack of Triple Bottom Line approach to developing the Plan.
- Direct effects and compounding effects experienced through the Shire.
- Ability to recover from the impact of the Plan due to a high population with low SES backgrounds (the proportion of the Balonne population in the most disadvantaged quintile is almost twice the Queensland average.<sup>1</sup>) and a drought-affected economy (drought declared for the past five (5) years with prolonged periods of drought since 2002).
- Lack of socio-economic support for the affected communities.
- Agility of the Department to implement recommended solutions: Toolkit Measures developed by NBAC (Northern Basin Advisory Committee).<sup>2</sup>

### **Response**

#### **Information Request 3**

The following strategies can be implemented to increase the extent to which the Basin Plan objectives are met:

1. Heightened activity by the CEWH (Commonwealth Environment Water Holder) in relation to the management of environmental water, including the principals of localism as outlined in the report, 'Finding the Balance: Final Report of the Northern Basin Advisory Committee'.<sup>2</sup>; and
2. Assistance for local communities and businesses to deal with the impact of change resulting from diminished productive capacity in the agricultural sector.

## Impact

The reversal of the 320GL recovery target, to the 390GL recovery target (via the disallowance motion) has destroyed business and community confidence.

At the recovery level of 278GL, the impact has been:

- 27% reduction in irrigation area in Dirranbandi alone.
- Cotton production was reduced by 40,000 bales (market worth of \$20 million).
- Estimated loss of 197 FTE skilled workers (including vital community leaders and volunteers).
- Reduction in school numbers by up to 50% in Dirranbandi.
- 146 properties on the market in Dirranbandi and St George.
- Widespread effects on all towns in the Shire and implications for essential services including social services, health and education.

*"We have reached exhaustion point. Personally, I have spent five (5) years actively involved in water planning. We have talked to scientists, we have driven all around the Shire, we've been up and down the river, inspected infrastructure... There have been meetings, forums, commission responses and the list goes on. I was a member of NBAC and worked on the "Finding the Balance: Final Report of the Northern Basin Advisory Committee published 9 October 2016 for four (4) years. We developed strategies and solutions. We want the best for our river system and I believe irrigators are being portrayed as "being against the environment" – but we want healthy sustainable water usage and we have been willing to invest time and money into infrastructure and planning. I thank the Productivity Commission staff for their time in coming to St George however we are sick and tired of talking and planning, only for decisions to be changed without reason or evidence. Attendance at the public forum was very low - we are all frustrated. I feel that our voice is not being heard - whether it be to identify the problem or most importantly – to collaborate and devise solutions (as per the Toolkit Measures)."*

*Community leader, NBAC Committee member, Irrigator.*

## Information Request 5

Note: The assessment of the Plan is imbalanced and does not incorporate a triple bottom line approach. The information request 5b is an example of this - whereby reference is only made to "environmental" objectives. All three criteria of a triple bottom line approach must be considered i.e. 1) social, 2) economic and 3) environmental impacts.

5b. If there are not enough willing sellers, the CEWH will not be able to buy back enough water licences to meet the water recovery target, posing a risk to the achievement of water recovery targets.

5c. The Healthy Headwater Project is an example of a project that has been well implemented. This project has achieved water recovery with minimal economic impact.

## Information Request 6

6a. No specific assistance has been provided to our community.

Whilst the concept of an MDBA Engagement Officer was well received this position was not well resourced in terms of time, support for the Officer, or the financial resources to assist with implementation of strategies for the affected communities. A better use of this resource would be the review of the role to include working closely with a key local stakeholder to achieve strategic outcomes related to building capacity for resilience.

We advocate for a structural adjustment process, a three (3) pronged approach that would:

1. Support the establishment of businesses and industries to provide meaningful employment for people displaced by the removal of water and associated productive capacity.
2. Support those enterprises suffering as a direct result of Government interference in the water market.
3. Provide an exit strategy for those unable to recover from the effect of the Basin Plan.

6d. Future structural adjustment assistance is warranted based on the evidence of the impacts already felt in our communities (at the recovery level of 278GL).

Note: Whilst the Murray Darling Regional Economic Diversification Program has been beneficial to irrigators, this program did not provide support for affected communities or the wider business community.

Some examples of others impacted include earthmovers, spare parts providers, aerial spraying service providers, contactors, agricultural machinery dealers and mechanics, engineering businesses, other businesses providing direct services and products to the agricultural industry. The cotton industry represents almost \$60 million of GRP to the local economy<sup>1</sup>. The impact of reduced irrigated cotton production is also felt by large-scale value-adding processors, one of the region's largest local employers. Additionally, no consultation or support has been offered for essential service providers who are also impacted, such as health and social service providers (including counselling, drug and alcohol-related support, domestic violence support) and education providers (early education, schools, training providers and educators). It is important to note that indirect product and service providers including retail, food and beverage, tourism, and all businesses operating in the Shire, are affected by the Plan.

*"In 2017, as the result of the water buy backs at 'Ballandool' (the third largest cotton producer in Dirranbandi), our business experienced significant financial and emotional strain – we lost a quarter of our business turnover and therefore we had to terminate staff. Three major clients have also been lost recently due to water purchases in the Lower Balonne and at Cunnamulla. We have had no forewarning - just a phone call to cancel our business services. We have no idea of when the next impact of the water buy back will occur and there is still so much uncertainty. As a small business owner, we have not been part of any consultation. How can we possibly make adequate plans for the sustainability of our business, let alone the impacts to the wider community?"*

Community Leader, Volunteer and Aerial Application Business Owner

#### Information Request 7

7b. The major risks are:

- The inability of DERM (Department of Environment and Resource Management) to have meaningful consultation in relation to the WRP due to consultation burnout and lack of faith that stakeholder input is appropriately considered.
- The ineffectiveness of the Plan under the current situation whereby DERM is responsible for delivering a compliant plan, however DERM has no control over either the SDL or the water recovery process - both of which are critical to delivery of a compliant WRP.
- Lack of bi-partisan support and the incongruity of the States.

#### Information Request 8

- As the Plan is a plan based on water alone, there is a lack of information providing the appropriate linkage between the desired environmental outcomes and the flow requirements.
- In relation to the management of environmental water in the Lower Balonne, many opportunities are being missed due to the apathy of the CEWH.
- The CEWH is passive in the management of environmental water in the Lower Balonne which does not allow for the recommendation of "localism" as a measure for effective water management.
- A holistic assessment of local environmental needs is required - including consideration to the management of low flows and floodplain flows, and, stock and domestic needs.
- Non-flow measures (eg. weed and feral animal control) must be recognised in achieving environmental outcomes.

- Local governance structures need to be implemented to enable more effective real time, cross border event management.

#### Information Request 10

10a. The water trading objectives in chapter 5 of the Plan do not advance the water trading objectives.

- To date, trading rules have seen protection for the environment and third parties, however the real test will be the protection to persist through the development and implementation of the new WRP.
- It is necessary to develop trading rules to assist with the implementation of trading mechanisms as outlined in the Toolkit measures.
- CEWH must consider additional water trading products, other than entitlements and full year seasonal adjustments (eg. event options, store and release options).

Note: The Toolkit Measures<sup>1</sup> meet the water trading objectives, however to fully realise these objectives, agility of the CEWH is required i.e. staff 'on the ground' to adequately monitor and assess the Plan (particularly in an event based situation).

#### Information Request 12

There is great risk surrounding MDBA's ability to monitor and enforce compliance with the Basin Plan and WRPs from July 2019. These risks are:

- If there isn't compliance across the Northern and Southern basins, the integrity of the plan is undermined.
- The inefficiency and limitations of working between Government departments and the State.
- Successive governments have reduced resources dedicated to monitoring and compliance.
- Unfair reflection and portrayal of the ability and efforts of irrigators based on the failure of the Government's monitoring and compliance methods.
- The failure of the NSW Government to protect environmental water from consumptive use in the Barwon-Darling.

The changes that can be made to address compliance risks include:

- auditing, metering at harvesting events and a complaints resolution process;
- works (eg bifurcation 1) to enable flows to be better managed; and
- allocation of appropriate resources.

#### Information Request 13

13a. & 13d. Those affected (producers, community and business) by the Plan are yet to have information from the MDBA regarding the ongoing monitoring and evaluation of the Plan.

13d. We are unable to fully comment on this request due to the lack of understanding as to how the data and information is being obtained.

13e.

- There has been no general information to provide confidence to communities and others, that the Plan is being implemented well and achieving its objectives.
- MDBA has not communicated the processes in place to monitor key risks and therefore communities do not have confidence in the Plan.
- As the Plan hasn't been fully implemented, it is difficult to provide comment on the monitoring and evaluation aspects of the Plan.

13f. There is significant doubt as to whether there are processes in place to monitor risks because our WRP has not been accredited. For example – *Is there a framework in place to monitor water theft?* The presence of water theft is a risk to the plan.

#### Information Request 14

14b. The major risk to the achievement of the objectives of the Plan arise from the current institutional and governance arrangements.



In summary, the Murray Darling Basin Authority and the Australian and State Governments must:

1. **Halt any further water buy-backs for the Condamine-Balonne** from Beardmore Dam to the NSW border.
2. **Use a Triple Bottom Line approach** to water planning.
3. **Address the issues raised by NBAC** to achieve good water policy and management.
4. **Give priority to Toolkit measures** to achieve environmental outcomes without affecting productive capacity.
5. **Support socio-economic initiatives** to revitalise the affected communities of the Condamine-Balonne.

The Balonne Shire Council would be pleased to provide further comment or information to support our submission. Please contact myself on the numbers below or our Chief Executive Office Matthew Magin

Thank you for the opportunity to give input into the Productivity Commission inquiry.

Yours sincerely,

Cr Richard Marsh

Mayor

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#### Citations

<sup>1</sup> Murray Darling Basin Authority, 2010, *Guide to the Proposed Basin Plan Technical Background Part III: Appendix C Lower Balonne Community Profile*

<sup>2</sup> Murray Darling Basin Authority, 2016, *Finding the Balance: Final Report of the Northern Basin Advisory Committee*