18 April 2018

The Commissioner
Australian Government Productivity Commission
Email: basin.plan@pc.gov.au

Dear Commissioner,

RE: MURRAY DARLING BASIN - FIVE YEAR ASSESSMENT

Thank you for the opportunity to make a submission in relation to the Murray Darling Basin Plan - Five Year Review. Water is the "life blood" of the Western Riverina and a key foundation stone for the future of the Plan is that the Plan be brought back into balance. ie economic, social and environmental impacts must have equal value. The Plan to date has been focussed on environmental issues at the expense of communities.

The Western Riverina has the opportunity to significantly expand its role as a food bowl of Australia and the Asia Pacific through further improvements in water efficiency and allocation.

Western Riverina's economy is substantially dependent on agriculture and related industries. The agriculture industry alone made up about 26 per cent of Western Riverina's total economic output in 2016. A further 19 per cent of Western Riverina's economic output was made up by manufacturing, which is largely based in food processing. These industries contributed about $1,075 million to Western Riverina's economy in 2016.

There are opportunities to further strengthen Western Riverina's position as a food bowl of Australia by improving water efficiency.

Water is a scarce resource and farmers in Western Riverina have been innovative and efficient in water use. Improved efficiency has been a necessity, as a recent Murray Darling Basin Authority report concludes that in the southern Basin (inclusive of the Western Riverina) the net reduction of water availability to October 2016 was 810GL.

They use less water to grow more crops than before. For example, cotton growers almost doubled their irrigation water use efficiency from 1.1 bales/megalitre in 2000-01 to 1.9 bales/megalitre in 2009-10.

Uncertain policy direction presents insecure investment climate to Western Riverina's farmers and local industries.

The Murray-Darling Basin Plan determines the amount of water that can be extracted or taken annually from the Basin for consumptive use (urban, industrial, and agricultural) and water available to the environment to maintain waterways, lakes, major wetlands and floodplains as well as protect important habitats for animals and plants that rely on its water.

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Recent legislative changes to the Plan, which would have reduced the amount of water returned to the environment in southern Queensland and northern New South Wales were not supported. This created uncertainty around water security, which will put the agricultural investment in Western Riverina in jeopardy.

Deciding what to plant and harvest is subject to the amount of water the farmer is allocated. For example, farmers will invest significant capital to optimise land use based on water allocation or water buy back by Federal Government.

Having investment certainty from a credible long-term water plan can also support higher yield crop decisions for farmers. This may include moving away from cotton and into citrus or moving from rice, cotton or tree nuts. However, farmers may have to wait five to six years to realise commercial returns on investment, as it take a long time for trees to start bearing commercial quantities of fruit.

While the investment return is dependent on seasonal conditions, any government decision to change the water allocation during the investment time period would substantially impact farmers. Delays in notifications of water allocations also impacts farmers' opportunities to realise their full production potential.

Stakeholder consultation in Western Riverina has identified that farmers face delays in receiving water allocation for usage. These delays have led to lost investment opportunities and productivity.

Many irrigation-dependent communities and farmers in Western Riverina argue that late notification reduces the whole district's capacity to grow commodities, which in turn might affect local employment. The worst case scenario would force people to go elsewhere for work.

On time notification and upgrading Western Riverina's open irrigation system will support water efficiency and allocation.

The current use of open-channel water configurations has led to water losses through evaporation and through leakages, this equates up to 10 per cent per year depending on the weather conditions.

Further efficiency improvements in Western Riverina are needed for the current irrigation system to ensure that more water can be allocated for irrigation. Options available to enhance the efficiency of infrastructure and production allocation decisions include:

- Upgrade the existing irrigation system around Western Riverina to prevent further water losses
- Partner with local farmers to identify innovative solutions to optimise irrigation methods on the farm
- Collaborate with local institutes, businesses and farmers to develop water efficient yields

Maintaining water security and certainty over a longer time horizon, can, in turn, facilitate industry investment and sustain local communities.

There are several other points that Council wishes to bring to the attention of the Commissioner:

- Recovery of environmental water – there has been no rigorous assessment as to the net cost/benefit of water recovered to date.
- The socio economic impacts of the Murray Darling Basin Plan in Griffith currently demonstrate a neutral impact. However, if not for the Murray Darling Basin Plan, in excess of $200M additional gross regional product per annum would have been achieved.
- Socio economic impacts for communities surrounding Griffith has been very significant with substantial population decreases.
- Inappropriate use of water by very few consumers has been used as a political weapon by environmentalists to undermine legitimate water recovery adjustment measures in the Murray Darling Basin Plan.
- With respect to the 450GL "upwater" potential adjustment within the Murray Darling Basin Plan, the Plan includes a test that this additional water can only be recovered if there are demonstrated "neutral or improved socio economic outcomes". This test must be applied at the local community/catchment level and not a basin wide summary assessment.
- There should be no further water recovered from the Murrumbidgee Catchment.
- Page 13 of the Issues Paper invites "novel ways of recovering water for the environment". The diversion of water from the Clarence River upper catchment west into the Murray Darling Basin catchment should be further investigated. This proposal put forward by Mr David Coffey demonstrates positive impacts for reduced flooding in the coastal Clarence River area and improved environmental flows within the Basin.

Thank you for the opportunity to make this submission.

Yours sincerely,

BRETT STONESTREET
GENERAL MANAGER