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Dr Neil Byron,
Commissioner,
Productivity Commission,
Locked Bag 2,
Collins Street East,
MELBOURNE VIC 8003

Dear Dr Byron,

Commission Study into Mechanisms to Purchase Water Entitlements

The Chairman Cr Terry Hogan AM and other Mayors of RAMROC Councils appreciated the opportunity on Tuesday 15th September in Griffith of making a presentation in relation to your study into alternative market mechanisms that the Australian Government might use to diversify its purchase of water entitlements in the Murray-Darling Basin.

The thrust of our presentation was certainly to impress upon the Commission the vital importance of irrigated agriculture in the RAMROC region, which comprises 18 Council areas in the Murray and Western Riverina of south west New South Wales and which encompasses significant rural communities and farming enterprises within the Murray, Murrumbidgee, Lower Murray-Darling and Lachlan catchments.

RAMROC is the central co-ordinator of the Water4Food Campaign, which was the subject of a major part of our presentation. We are sending an electronic copy of that presentation and it would be appreciated if you would accept that presentation as part of this submission.

RAMROC would like to reinforce a number of key points that were discussed in detail at our meeting on the 15th, these being:-

- The critical importance of food production to the economy of this region and its communities, as well as importance of food security both nationally and internationally;
- The serious concerns of our region in relation to the current way in which the \$3.1 billion water buyback is proceeding in a disjointed and ad-hoc manner;
- The buyback program appears to have no overall strategic plan, nor any structure as to the focus of the buyback vis-à-vis the various and differing catchments throughout the Basin, both in terms of the environment, agriculture and communities;
- The current buyback ignores catchment-specific issues, locations of water being sourced, socio-economic impacts on affected communities, and consequences for existing irrigation assets and infrastructure networks. It represents an unmanaged "swiss cheese:" approach, with potential to leave stranded assets and to seriously impact on food production and the long term sustainability of rural communities;
- The prolonged drought has already had a devastating effect on farmers and communities and continues to do so. As such, farmers are very vulnerable personally and financially at the present time and this is reflected by the number of farmers now offering to sell water to the Government. There are a variety of reasons, including pressure from financial institutions, debt retirement or reduction, downsizing farm production, family , succession planning, or simply leaving the industry altogether;

- There continues to be no response from Government as to the quantity of water which is realistically required for environmental purposes. We know that quantities being postulated by environmental groups continues to grow exponentially and were in fact recently mooted as being as high as 4,000 GL, and claimed to be “science based”.
- However, the new Murray Darling Basin Authority has indicated that the quantities and delivery mechanisms to meet environmental needs are currently not known, but will form part of the new Murray Darling Basin Plan, which is not due to be finalised until 2011 and not applicable until 2014 in most states and 2019 in Victoria;
- The new MDB Plan is proposed to incorporate an Environmental Water Management Plan (EWMP), but again details will not be available until 2011. RAMROC Councils are concerned that even at that stage, the EWMP may not be specific in detail as to as to identification of environmental needs within catchments, the relative importance and cost benefit of watering those environmental sites, the extent of water required at source, transmission/distribution losses, methods and timing of delivery and the many other factors that will need to be assessed;
- The MDB Plan should examine all of these issues on a catchment by catchment basis – it needs to be exhaustive and specific in detail as to the relative merits of the environment in the context of the overall national interests, including agricultural productivity, food security, trade and export opportunities and regional Australia as a whole;
- Without water, the future of irrigated communities is very grim – their economic base is narrow and there are very limited opportunities to attract new industry, business and investment, particularly in competition with capital cities and larger regional centres;
- The powers and role of the Commonwealth Water Holder should clearly mandate him with the responsibility to make permanent and temporary environmental water available for agricultural production, when that water is not required for environmental purposes from time to time. Currently RAMROC Councils are concerned as to whether his responsibilities or the Government’s policy intentions are absolutely clear;
- There is a need to determine water market mechanisms which address short term solutions to the current drought and consequent financial crises which are confronting farmers, whilst at the same time providing mechanisms for the longer term which achieve a rational and sustainable balance between environmental needs, food production and security and very importantly the long term future of rural communities;
- There must be top priority given to the implementation of irrigation infrastructure improvements, both on-farm and off-farm, so as to achieve further water saving opportunities;
- Above all, there needs to be far more communication and consultation at all levels to put in place a holistic approach to all of the issues and to agree upon solutions – this is simply not happening at the present time. Councils, communities, irrigation companies, landholders, financiers and other key stakeholders are being dealt with disparately by Government and the bureaucracy– there is no co-ordination of effort and as such decisions are therefore being made in isolation of the big picture.

Thanks again for the opportunity to meet with the Productivity Commission. You have a difficult task ahead and RAMROC Councils, their communities and residents stand ready to assist in resolving and facilitating short and long term strategies to benefit the nation.

Yours faithfully,

Cr Terry Hogan AM
Chairman

Ray Stubbs
Executive Officer