



Australian Dairy Industry Council Inc.

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New data proves Basin Plan will cripple north Victorian dairy farmers and communities

For immediate release

New analysis has proven the water recovery targets proposed in the draft Basin Plan will cripple the dairy industry and its communities in the Goulburn Murray Irrigation District (GMID), the Australian Dairy Industry Council (ADIC) warned today.

The modeling shows milk production in the GMID could dip to drought-like levels of 1.6 billion litres if the Federal Government pursues further general water buyback tenders to meet the 971-gigalitre 'shared' target in the southern Basin for downstream needs.

The number of farms would also drop to about 1000 in the district, which produces 78 per cent of milk in the Murray Dairy region covering northern Victoria and southern NSW.

ADIC Chair Chris Griffin said the Government should instead focus on environmental works and measures and improved river operations to meet the Basin Plan's environmental objectives.

"Dairy farmers were already stretched to the limit adapting to produce more milk with less water, and surviving the drought came at a high price with rising production costs and debt," Mr Griffin said.

"With the recovery in water storages and improved milk prices, the dairy industry is now in a position to rebuild herds, increase milk production back to pre-drought levels and start paying down debt.

"The challenge with the proposed water recovery targets will be avoiding milk production contracting further from the current, drought-affected level of production.

"It puts pressure on regional processing which is already under-utilising capacity. And in a region where dairy is a high service industry, we will see a domino effect across the community – fewer jobs, business closures, declining population, decreased need for services."

If the Government stops now with the water recovered through buyback to date in Victoria and infrastructure projects planned and underway, the analysis shows milk production will stabilise around 1.8 billion litres and the number of dairy farms would sit at around 1200.

ADIC water taskforce chair Daryl Hoey said with further productivity gains, GMID dairy farmers could get production back to pre-drought levels above 2.3 billion litres and support current processing capacity.

"But this would require substantial further government co-investment in on-farm irrigation efficiency projects if dairy farmers are to adjust by 2019, given their high debt levels," Mr Hoey said.

"The Government needs to commit additional funding to extend this program to 2019 to assist farmers in adjusting to reduced water availability under the Basin Plan."

Mr Hoey said the devastating impacts could be avoided in a number of ways, including government co-investment in irrigation infrastructure on and off farm (including irrigation districts in NSW), strategic buybacks linked to efficiency projects, improved river management to use environmental water more efficiently and investing in infrastructure to improve the watering of environmental sites.

For further information contact:

Daryl Hoey
ADIC Water Spokesman
Mobile 0407 582 982

Chris Griffin
ADIC Chair
Mobile 0402 846 239