



Australian Dairy Industry Council Inc.

24 February 2017

Basin Plan Amendment Submissions
Murray–Darling Basin Authority
GPO BOX 2256
CANBERRA ACT 2601

Via: submissions@mdba.gov.au

Dear Sir/Madam,

RE: Proposed Basin Plan Amendments for the Northern Basin Review

The Australian Dairy Industry Council (ADIC) appreciates the opportunity to provide input to the proposed Basin Plan amendments for the Northern Basin Review.

The ADIC is the dairy industry's peak policy body. It co-ordinates industry's policy and represents all sectors of the industry on national and international issues through its two constituent bodies, Australian Dairy Farmers Ltd (ADF) and the Australian Dairy Products Federation (ADPF).

Australian dairy is a \$13.5 billion farm, manufacturing and export industry, comprising of about 6000 dairy farms, of which 1730 dairy farms rely on the Murray Darling Basin. Dairy farms around the Basin produces about 28% of Australia's milk and provide more than 12,000 jobs on farms, in processing and local service industries.

Northern Basin

The ADIC supports the proposed amendments to reduce the water recovery target in the Northern Basin from 390GL to 320GL. The reduction is justified by the rigorous socio-economic analysis undertaken by the Murray Darling Basin Authority (MDBA) that showed, recovering the full 390GL target would cause unacceptable adverse impacts on agriculture and regional communities. The ADIC have long advocated that the Basin Plan is conducted in a way that balances social, economic and environmental outcomes.

Further, the ADIC also supports the combination of targeted water recovery mechanisms and the implementation of 'toolkit' measures, to minimise the impact of returning less water to the environment. The ADIC endorses targeted strategies that produce real environmental outcomes for the Basin's health through environmental works and measures, such as pumps, regulators, fishways, and control of cold water pollution.

Southern Basin

In the northern Basin, the question rightly was whether 390GL could be recovered without unacceptable socio-economic effects balanced against environmental gains. The question in the south similarly is whether the 450GL upwater can be recovered without unacceptable additional adverse socio-economic effects.

The ADIC expects that the rigorous socio-economic analysis undertaken in the north will be repeated in the south in 2017, and that it will include an evaluation of the potential effects of the 450GL upwater on agricultural production, the water market, communities, service industries and regional food processing.

With the MDBA's southern report due by the end of June 2017, it is extremely disappointing that the authority has still not released the terms of reference so that the scope of the evaluation is clear and unambiguous for all to see. The lack of transparency is causing confusion and anger among Australians in rural communities looking for clear answers and some certainty. While also impacting investor confidence in rural communities.

The MDBA's approach to community consultations had only added to the confusion and frustration. Individuals attending consultation sessions in recent weeks received mixed messages from different MDBA staff on whether, for example, the evaluation will consider the potential broader socio-economic effects of the 450GL upwater explicitly, implicitly or not at all.

Others have been told the MDBA, an independent statutory authority, cannot evaluate the 450GL upwater unless directed by the ministerial council. This is flawed since the MDBA is not subject to ministerial direction under the Water Act 2007, except in very limited circumstances. Some senior MDBA staff have told other community members that the 450GL was agreed to by all the States, and will therefore be implemented.

The ADIC urges the MDBA to immediately release the terms of reference for its socio-economic evaluation in the south, and a statement of its position on the 450GL.

The ADIC also urges the MDBA to look beyond just models. The MDBA should evaluate whether the environment is best served by spending \$1.5 billion trying to extract more water from irrigators in rural communities, or funding projects in South Australia to address the significant threats to environmental health that will not be solved by merely adding more water.

Currently, the MDBA models only measure the environmental outcomes expected from actual and assumed infrastructure savings, buybacks, and environmental works and measures. The ADIC is concerned that this will reset the water recovery target as it does not consider whether water can be delivered without unacceptable third-party and unintended environmental effects. This will lead to ongoing pressure on State and Federal Governments to somehow meet the target, and exacerbate business and community uncertainty.

Finally, we urge the MDBA to undertake research on the sustainable diversion limit adjustment that is outcomes-focused, and addresses whether constraints can be overcome without unacceptable socio-economic costs or third-party impacts.

We welcome the opportunity to discuss the matters raised in this submission. Please contact Australian Dairy Farmers' Policy Officer, Betty Helou (bhelou@australiandairyfarmers.com.au) for any further inquiries.

Yours sincerely,



Terry Richardson
Acting Chair, ADIC