



Australian Dairy Industry Council Submission to the DCCEEW Consultation Delivering the Murray Darling Basin Plan

On 23 May 2024, the Department of Climate Change, Energy, the Environment and Water (DEECCW) announced the consultation [Delivering the Murray Darling Basin Plan](#), seeking innovative ideas to deliver the Murray–Darling Basin Plan in full.

The Australian Dairy Industry Council (ADIC) appreciates the opportunity to provide a submission to this inquiry. This submission seeks to highlight the significant social and economic impacts of Basin Plan implementation on dairy communities to date and **seeks assurance that any new or amended projects will be carefully assessed to ensure they will not result in any further negative social or economic impacts on dairy communities.**

The ADIC is the peak national representative body of the Australian dairy industry, representing the interests of dairy farmers and processors through its two constituent bodies Australian Dairy Farmers and the Australian Dairy Products Federation.

Australian Dairy Farmers (ADF) is the national peak policy and advocacy body representing dairy farmers in Australia. Its members comprise the state dairy farming organisations and dairy farmers in all six of Australia's dairy farming states.

The Australian Dairy Products Federation (ADPF) is the national peak policy and advocacy body representing the post farm-gate members of the Australian dairy supply chain, including processors, traders, and marketers of Australian dairy. ADPF members process more than 90% of Australian milk volumes and provide dairy products for both domestic and export markets.

The ADIC has also consulted with State Dairy Farming Organisations in MDB states and with Dairy Australia, the national services body for the Australian dairy industry, on the development of this submission.

Dairy Australia (DA) is the national services body for dairy farmers and the industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. As the industry's research and development corporation (RDC), it is the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies.

ADIC position:

- **The ADIC does not support further water recovery from the consumptive pool available to dairy farmers for irrigated agriculture. Nothing in this submission should be read as any support or endorsement for further water recovery from the consumptive pool.**

- **Implementation of the Murray Darling Basin Plan since 2012 has had significant social and economic impacts on dairy farming and regional communities across the Basin.¹**
- **The ADIC requests that any new or amended projects to achieve the outcomes of the Basin Plan undergo thorough assessment of potential social and economic impacts, as well as meaningful consultation with local impacted communities, before any implementation begins.**

1. Dairy Industry in the Murray Darling Basin

Dairy businesses — both farms and processing — are the backbone of the economy and community in many regions of the Murray-Darling Basin. These communities have faced challenges in recent decades from a myriad of factors, but shown themselves to be innovative and resilient, maintaining confidence and positivity.

The Murray-Darling Basin (the Basin) contains several important dairying regions — including areas of northern Victoria, southern New South Wales and smaller numbers of farms around Forbes and Wagga Wagga in New South Wales, Toowoomba and Warwick in Queensland, and Murray Bridge in South Australia. Unlike dairy along Australia's coastline, where pasture growth depends on rainfall, most dairy farms in the Basin, with the exception of some in the Queensland Downs region, rely on irrigation schemes to produce feed requirements.

Dairy production and processing in the Basin underpins Australia's food security, producing 1.66 billion litres, or 19%, of Australia's milk, and is a key source of nutrition in the Australian diet, benefiting the wider Australian and international community. The region also affords dairying some key competitive advantages. It is ideally located for both export and domestic markets, with efficient connectivity through road, port and telecommunications infrastructure. Logistics access to Melbourne, Sydney and Brisbane has become increasingly important in recent years as adverse conditions such as drought and land-use change impact milk production elsewhere.

Irrigation, access to grain and cropping enable flatter milk production in the Basin than in southern Victoria and Tasmania. This allows for more efficient year-round use of milk processing infrastructure. Milk produced in the Basin is processed within the Basin through 24 milk processing facilities located in the region, supporting 8451 direct and indirect local jobs and generating \$1.67 billion to the local economy.

Beyond producing essential nutrition for the community, irrigated dairy farm businesses play an important role in the Basin, working with other irrigation users, buying and selling inputs with local businesses and supporting each other. Water authorities report that dairy farms are an important component of maintaining the viability of irrigation infrastructure for all irrigators. Indeed, agricultural diversity (diverse consumptive water uses) is key to resilience and prosperity in Basin communities and regional economies.

Dairy Australia has developed a fact sheet [Dairy in the Murray Darling Basin](#), which contains further information. Key metrics are included in **Appendix A**.

2. Impact of the Basin Plan on the dairy industry

Farming in the Murray Darling Basin has seen significant change in the past 25 years. A main driver of change was the introduction of water trade, which began in the 1980s but grew significantly with

¹ [Independent assessment of social and economic conditions in the Basin | Murray-Darling Basin Authority \(mdba.gov.au\)](#)

reforms in the 1990s and 2007. Water trade accelerated farming and structural changes that would likely have occurred anyway, but not with the same speed or regional intensity. Water recovery under the Basin Plan has added extra pressure to this transition by making less water available.

For dairy, this change has resulted in a transition towards more intensive annual based feed systems that incorporate mixed cropping and the ability to build significant feed buffers to reduce the risks of low water availability. However, these opportunities do not exist for all dairy farmers in the region, and not all existing dairy farmers have the skills and capacity to manage these more complex farm systems. As a result, the ability to transition and buffer water market pressures has not been equal, resulting in a **44% reduction in dairy farm numbers and a 30% reduction in total milk production since 2012**.² For some, the rate of change has been too much to manage.

In 2020 the *Independent Assessment of Social and Economic Conditions in the Basin*, chaired by Robbie Sefton ('The Sefton Review'), examined the social and economic impacts of the Basin Plan on communities across the Basin. The final [report](#) describes a mixed, but **overall significantly negative, impact on Basin communities**.

"As a Panel, we were disheartened to see communities at a crossroads despite countless studies, reviews and inquiries. Visions and policies in our irrigated communities focusing on overall gains have not dealt fairly with those left behind, nor worked hard enough to be fully inclusive.

The pace [of change] has been rapid and the impacts profound. The future is no longer secure or certain for some people and regions, despite their hard work. Morale has eroded, and a sense of hopelessness is spreading; in many cases, people no longer feel confident in their future. These impacts are not only being felt in the 'back pocket', but witnessed in the main streets of towns, and in the prospects for our next generation."

The Sefton Review commissioned modelling to examine and quantify impacts on various agricultural sectors, including for [dairy in northern Victoria](#). **This work found that 'recovering more consumptive irrigation water will have significant negative impacts for some regional Basin communities, including NSW Murray and northern Victoria.'** Community decline was a common theme heard through consultations undertaken for the Sefton Review, particularly in communities in northern Victoria and southern NSW that traditionally relied on dairy and cropping.

The Victorian Government undertook modelling that helps to understand this. This modelling found that in dry years, when prices are high, dairy farms struggle to compete for available water. This is a significant issue when you consider that many **dairy farms now need to purchase 60% of all the water they need on the temporary market, leaving them exposed to this water market risk**.³

Under current levels of horticultural development, assuming acceleration of climate change and the planned recovery of 450 GL, modelling by ABARES suggests that **water use by the dairy and rice sectors could decline by as much as 55% and 32% respectively in the very dry years**. Analysis by the NSWIC of MDBA data has found that thirty per cent (3261) of 10,801.5 FTE jobs lost across 40 southern Murray-Darling Basin communities from 2001 to 2016 were attributed to water recovery.⁴

² Dairy Australia, [Dairy in the Murray Darling Basin](#), 2021

³ <https://www.water.vic.gov.au/mdb/mdbp/social-and-economic-impacts-of-the-basin-plan-in-victoria>

⁴ NSW Irrigators' Council, [Job Impacts from water recovery for the environment in the southern Murray Darling Basin](#), 2023

New or amended projects under the Basin Plan have the potential to either ease or exacerbate these pressures on local farming businesses and communities. Undertaking a proper, thorough assessment of potential social and economic impacts, including engaging with local communities, is the only way to ensure that Basin Plan outcomes can be achieved without further negatively impacting dairy business and communities across the Basin.

3. Conclusion

Avoiding projects that have negative social or economic impacts will ensure that we can continue to have productive communities in the Basin as well as a dairy industry that produces a secure supply of healthy sustainable products that Australians and international consumers can enjoy into the future.

The ADIC seeks further consultation on the proposed suite of projects to help ensure that this occurs and looks forward to working collaboratively on next steps of this important policy reform.

Yours sincerely



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Appendix A: Key Metrics for the Dairy Industry in the Murray Darling Basin

SNAPSHOT OF DAIRY IN THE MURRAY-DARLING BASIN FY2020–21⁵



24

milk processing
companies
operating in
the Basin.



1023

dairy farms across four states

78%

of which are
in Victoria

22%

split between
South Australia,
New South Wales
and Queensland.

The highest number of farms
relying on irrigation are in the
Southern Basin region, which
includes Southern NSW, Northern
Victoria and South Australia.
Very few Queensland dairy
farms rely on irrigation.

Anecdotally, water
entitlements make
up approximately

25%

of capital assets
for dairy farm
businesses in
the Basin.



8451

Total employment

2067

Direct on-farm
employment

6384

Flow-on
employment



44%

reduction in
dairy farm
numbers and a

30%

reduction in total milk
production since the
Basin Plan began in 2012.



Farm gate value of

**\$875
million**

resulting in

**\$1.67
billion**

of value to the
local community.



**1.66
billion**

litres of milk
produced,
representing

19%

of the total
national volume.



Approximately

**\$527
million**

has been invested by dairy
farm businesses in on-farm
infrastructure during the past
five years in the Victorian
Murray region alone

Much of this farmer investment
is to enable **increased
feedbase production,
harvesting, storing and
feeding back to the herd.**
Much of this investment is for
risk-management measures,
helping farms to become
more resilient in the face of
challenges to productivity.

⁵ Dairy Australia, multiple sources.

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Much of this farmer investment is to enable **increased feedbase production, harvesting, storing and feeding back to the herd**. Much of this investment is for risk-management measures, helping farms to become more resilient in the face of challenges to productivity.

The **highest number of farms relying on irrigation** are in the **Southern Basin region**, which includes Southern NSW, Northern Victoria and South Australia. **Very few Queensland dairy farms rely on irrigation.**

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