



## MEDIA RELEASE

10 April 2026

### **Has the fuel problem taught us anything? Dairy industry decline signals broader food sovereignty risk under Basin Plan, Mayor warns**

Balranald Shire Mayor, Cr Louie Zaffina, has warned that the decline of irrigated dairy across the Murray–Darling Basin is an early indicator of a much broader risk to Australia’s food sovereignty.

Mayor Zaffina said that while dairy provides a clear and measurable example, the underlying pressures created by current Basin settings are likely to extend across multiple irrigated agricultural sectors.

“Dairy is not an isolated case; it is simply the first and most visible signal of a broader structural shift,” Mayor Zaffina said. “Since the Basin Plan began, we’ve seen a significant reduction in dairy farms across the southern Basin, while at the same time Australia is importing a growing share of dairy products, particularly from New Zealand.”

“What that tells us is straightforward: when domestic production becomes less viable, imports fill the gap.”

Mayor Zaffina said this trend raises serious questions about Australia’s long-term food sovereignty and supply chain resilience.

“We are now seeing in agriculture what we have already witnessed in energy, the consequences of reduced sovereign capability,” he said. “Recent global oil shocks have demonstrated how quickly supply chains can tighten and how exposed nations can become when they rely too heavily on external sources.”

“To ignore those lessons in the context of food production would be a serious mistake.” Mayor Zaffina said there is also a growing disconnect between how the issue is perceived in metropolitan areas and the underlying economic reality. “There can be a tendency in our cities to assume these impacts are regional and therefore contained,” he said.

“But as our balance of payments is increasingly affected by increased food imports, and as global price pressures flow through to supermarket shelves, that assumption will be tested. Food security and affordability are not abstract concepts; they are felt directly by households.”

Mayor Zaffina also pointed to structural issues within the water market itself.

“We now have a situation where a significant portion of water is held or traded by entities that are not producing food,” he said. “These participants are operating within the rules, but they are not exposed to the same real-world consequences as farmers and communities.”

“When water becomes a financial asset first, and a productive input second, there is a risk the market is driven by price opportunity rather than food production outcomes. That dynamic is contributing to higher and more volatile water prices, which further undermines the viability of irrigated agriculture.”

Mayor Zaffina said the Murray–Darling Basin Plan Review must move beyond a narrow focus on environmental water recovery and explicitly consider national interest outcomes. “This is not just about regional economies, it is about maintaining Australia’s capacity to produce its own food,” he said.

“If current settings continue, we risk progressively offshoring food production, increasing reliance on imports, and exposing Australian consumers to global price volatility and supply disruption, just like we’re experiencing with fuel supplies now.”

Mayor Zaffina said the issue is not whether environmental objectives should be pursued, but how they are balanced against economic and strategic considerations.

“Australia can and must achieve environmental outcomes, but not at the expense of dismantling productive capacity in critical sectors,” he said. “There is a point at which policy settings begin to erode national resilience.”

Mayor Zaffina called on the Australian Government to use the Basin Plan Review as an opportunity to recalibrate that balance. “This Review must properly assess the cumulative impact of water policy on food production, supply chains, and sovereign capability,” he said.

“Decline in the dairy producers was the warning sign; the question is whether we act before the same pattern repeats across the broader agricultural system.”

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