

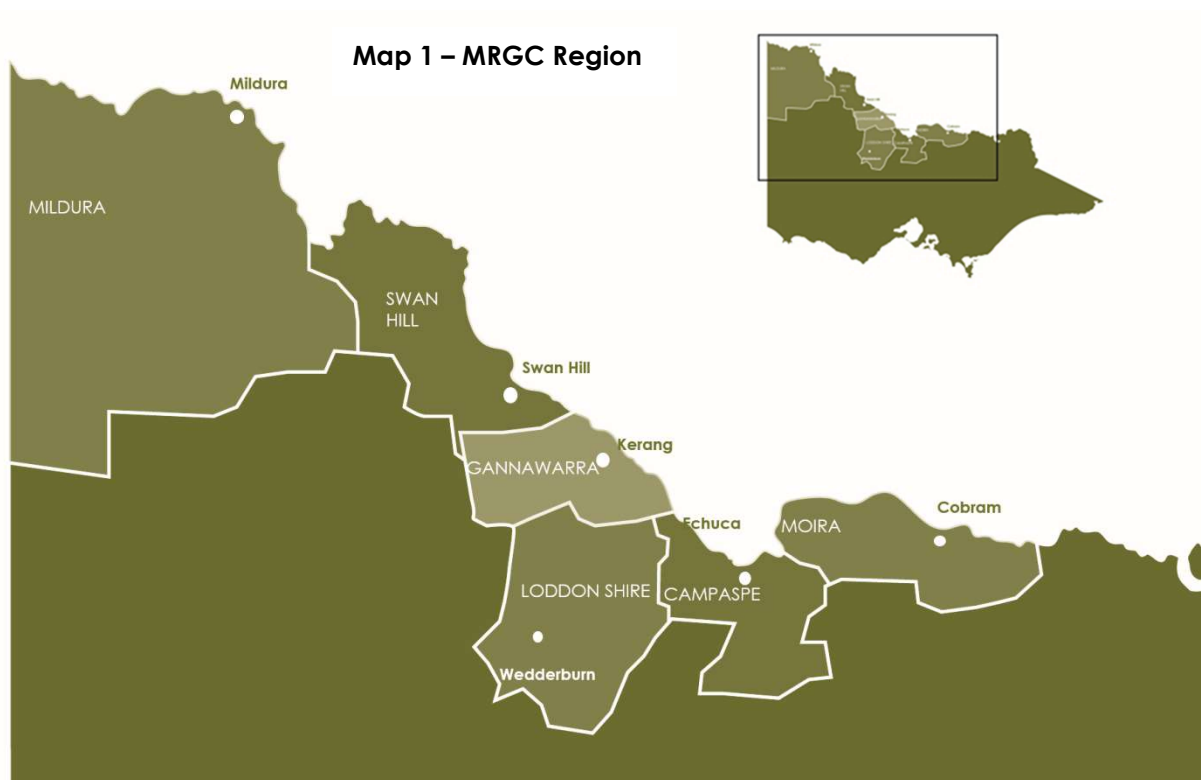
SUBMISSION

INDEPENDENT ASSESSMENT OF SOCIAL AND ECONOMIC CONDITIONS IN THE BASIN

The Murray River Group of Councils (MRGC) is pleased to be able to make a submission to the Independent Panel assessing the social and economic conditions in the Murray Darling Basin in relation to its Draft Report.

The MRGC congratulates the Panel on what is a comprehensive and thoughtful report completed in a very short timeframe for what is a highly complex task.

The MRGC comprises six Victorian councils in the north of the State which contain a significant proportion of the Victorian Irrigation footprint. The six councils of the MRGC cover 47,193 km² in northern Victoria.



Agriculture and food manufacturing are the key drivers of our \$9.75 billion regional economy, generating some \$5 billion in regional exports annually.

Our region has a unique and diverse natural environment including 60,000 ha of significant wetlands in four RAMSAR listed sites.



1 General Comments

The MRGC commends the Panel on its work. The Draft Report provides a valuable and timely intervention and builds directly on the information coming from irrigation communities like those across our region, that have been faced with huge changes over recent years.

The MRGC has been hearing from our communities about these changes since we began working together in 2006.

The overall findings of the Draft Report concur with what we have found through years of working closely with our communities and also align with the findings from our own commissioned research, and previous independent reports.

Our councils strongly support the key point of the Draft Report: that Basin governments and the MDBA must immediately change the way they are implementing the Basin Plan.

They must work better together as well as working more closely and genuinely with communities to move to fairer and more balanced ways of implementing the Plan.

An issue we would like to see the Panel consider in its final report is how Basin Governments and the MDBA could be held accountable by Basin communities. The Panel correctly points out, that communities feel over-consulted but under-listened to. A mechanism that provides communities some way of holding decision makers to account would assist in rebuilding trust. The Panel could consider recommending a Federal Water Ombudsman that would have powers to investigate and report on issues across the Basin.

We strongly agree with the finding that social and economic conditions in the Basin vary widely between and even within regions, as do the positive and negative impacts of water reform and Basin water recovery. We suggest that the future implementation of the Plan needs to be more conscious of and responsive to this reality.

2 Comments on Potential Additional Recommendations

Overall, the MRGC supports or strongly supports many of the draft recommendations. Comments on each recommendation are set out below.

There are two areas that impact on the social and economic conditions of our communities that MRGC urges the Panel to consider making additional recommendations in relation to: supply measures and water markets.

Supply Measures

The Report makes no mention of the 605GL supply projects in its examination of future water recovery. MRGC has consistently highlighted the significant risk to northern Victorian communities if these projects do not deliver their assumed reductions in the recovery target.

The consequences would be disastrous particularly for those industries and communities already most affected; dairy and cropping communities in the GMID are particularly at risk.

MRGC has urged close monitoring by Ministers of these projects and early intervention with funding and support to give them the best possible chance of achieving deadline of 2024.

However, there is a real risk that these projects will not be delivered by 2024, as the Productivity Commission found. MRGC urges the Panel to consider making a similar recommendation to the Commission (Productivity Commission 2019 Recommendation 4.2) as part of its final Recommendation 2 – namely to extend the deadline for the 605GL supply projects.

We note that to date the response from the Ministerial Council on this issue - Further Consideration Needed - is equivocal at best (Joint Basin response to the Productivity Commission p22)

Water Markets

Draft Recommendation 1 part 5 of the Panel's report recommends investing in the ongoing development of water markets as part of its recommendation for a Basin-wide water resource information platform. MRGC supports this overall recommendation but would like to see a stronger recommendation on water markets that calls for increased transparency in the water market through providing consistent, real-time information on water price and amount of water available across Basin markets.

We appreciate the ACCC water markets report is still to be published and that the Panel has tried not to stray into other inquiries. However, this issue is a significant one for our communities and the trust they have in water reform.

3 Comments on Draft Recommendations

The MRGC strongly supports Draft Recommendation 1. In relation to part 4: better engagement with communities, and part 7: local leadership, MRGC suggests that the Panel consider recommending the Local Government be resourced to work with communities on building these arrangements.

MRGC strongly supports Draft Recommendation 2

MRGC has been calling for some time now for better alignment between future water recovery and delivery of water to achieve Plan outcomes.

In 2018, the group called for “No water recovery (to) occur from northern Victoria without being aligned with the easing of constraints to ensure that no water is collected that cannot actually be delivered for the environmental outcomes in the Plan

MRGC strongly supports Draft Recommendations 3 and 4

Extending the Murray Darling Economic Development Program to 2030 and prioritising investment in those communities and industries most negatively affected is critical.

Additional and extended investment is required to preserve and enhance our region's capacity to sustain food and fibre production and enable new and enduring economic activity and economic diversification to mitigate the long-term negative impacts of water recovery.

It is the view of the MRGC that better Local Government involvement in the design and targeting of this program would lead to improved outcomes.

MRGC DOES NOT SUPPORT Draft Recommendation 5 as drafted

MRGC and many others lobbied hard for the introduction of the neutrality criteria for future water recovery. The Basin Plan is clear that the 450GL to be recovered through efficiency measures can only proceed where there is neutral or positive social economic impact.

We know from experience within our communities and from the independent research conducted across our region that water recovery through on-farm projects and through buy backs has negative impacts on our communities.

MRGC urges caution about recommending the introduction of additional mechanisms that could allow proponents to proceed with projects that would have negative consequences for our communities.

While we support the idea that communities, regions and IIOs should be able to plan and engage with Governments around alternative future arrangements, the automatic triggering of an alternative mechanism if a project does not meet the neutrality test is not supported.

Projects for the efficiency program are not proposed by communities. To date the majority have been put forward by private proponents and are for on farm infrastructure (DAWR website).

MRGC urges the Panel to consider redrafting this recommendation to achieve its aim of allowing communities to develop innovative and diverse recovery proposals if they wish to transition to a lower water future.

MRGC strongly supports Draft Recommendation 6

MRGC councils above and below the Barmah Choke support the Victorian Government in its approach to new or expanded water licences below the Choke. The MRGC position is that Victoria, NSW and South Australia must jointly develop a consistent mechanism for future development that does not negatively impact on existing horticulture and agriculture.

MRGC supports Draft Recommendations 7 and 8

Securing urban water supply and water for critical human needs are of paramount importance in a drier future. MRGC suggests the Panel consider including specific reference to the inclusion of Local Government in planning and the development of pilot programs.

MRGC supports Draft Recommendations 9, 10 and 11

Improving water reform outcomes for First Nations is supported by MRGC councils and particularly understanding the cultural and economic benefits of improving First Nations access to water and the flow on benefits to the whole community.

MRGC Supports Draft Recommendation 12, 13 and 14

Improved monitoring of community wellbeing is supported and particularly recommendation 14 to track environmental outcomes and the benefits of improved environmental outcomes to community wellbeing and prosperity.

MRGC Supports Draft Recommendation 15

It is very concerning that at this time when agriculture in the Basin is faced with enormous challenges, research funding for water programs is lower than it has been for 30 years. Additional research funding in this area is vital to ensure that environmental benefits can be achieved and basin communities can prosper in a lower water future.

Water R&D funding is its lowest levels since the 1980's

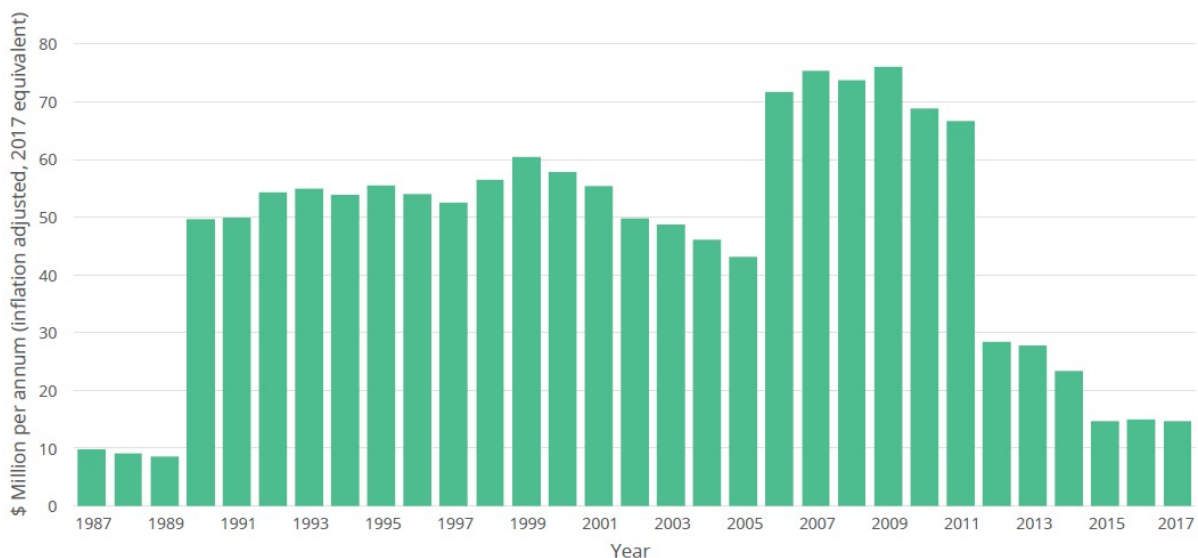


Figure1: Annual spend on non-core contestable and programmatic funding for water research in Australia, 1987–2017. Annual rate shown has been smoothed over duration of funding period. Spending shown is expressed in inflation adjusted terms using 2017 dollar values.

Source: ONEBasin CRC prospectus: onebasin.com.au

MRGC Supports Draft Recommendations 16 and 17

Infrastructure investment in Basin communities is critical - particularly investment targeted to improve connectivity – whether that is digital connectivity, improved freight routes and access to markets or improved roads and passenger rail.

An area of infrastructure investment that would be game changing for the southern Basin would be to fast track the delivery of upgrades to the electricity transmission network. This would unlock over \$5 billion of investment in renewable energy generation in northern Victoria alone and deliver billions of dollars in supply chain benefits and would stimulate economic activity across the region.

MRGC DOES NOT SUPPORT Recommendation 18 as drafted

It is not clear what the Panel expects from Governments in response to this recommendation “a Community Service Obligation *may* be helpful in some circumstances...”

MRGC feels this recommendation would benefit from further clarification and redrafting. We support the aim of clarifying future cost sharing arrangements for IIOs following off farm investment. A more general recommendation may be more effective.

Furthermore, MRGC questions draft finding 29 where the Panel finds that off farm infrastructure investment has not been shown to help Basin communities adapt. This seems to be based on the Productivity Commissions work measuring the cost per ML of water recovery (Productivity Commissions 5 year review appendix B1). This analysis only looked at the cost to the taxpayer and did not consider the flow on effects of the infrastructure investment to the community.

MRGC supports the finding that this is an area requiring further research, especially given the \$2 billion invested in the GMID and the hundreds of millions invested in the Sunrays Irrigation District in recent years.

MRGC supports Draft Recommendation 19

The scale and pace of change that has resulted from water reform over the past 15 years has reduced our communities' resilience and their ability to keep adapting. It has affected the health and wellbeing of individuals and families.

Investing in the wellbeing of individuals, families and communities is as important as investing in infrastructure to the long term prospects of our region.

MRGC supports Draft Recommendation 20

Holistic plans that developed communities could be an effective tool in adaptation and improving resilience.

MRGC notes that it will be important for any such plans to include mechanisms where the communities that develop them are able to publically hold to account Federal and State Ministers and bureaucrats responsible for the delivery of policies actions and outcomes in the plans.

4 MRGC Details

Thank you for the opportunity to contribute to the consultation.

The Murray River Group comprises Mildura Rural City Council, Swan Hill Rural City Council, Gannawarra Shire Council, Loddon Shire Council, Campaspe Shire Council and Moira Shire Council.

Please note that while this submission reflects the collective agreed position of all six councils, it does not necessarily represent the views of individual councils who may have additional issues they may wish to raise with the Panel separately.

If you have any questions about this submission or would like to discuss it further please contact our Executive Officer Geoff Turner on gturner@mrhc.com.au or 0419 030 314.