

# SUBMISSION



## Productivity Commission – Murray Darling Basin Plan: Five Year Assessment

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On behalf of the Murray River Group of Councils, thank you for the opportunity to provide input into the Productivity Commissions' assessment of the first 5 years of implementation of the Murray Darling Basin Plan.

Representatives from the Group attended the regional consultation meetings held recently in Echuca and Mildura and again, we are grateful for your efforts in engaging local communities.

Victorians want balance in the implementation of the Basin Plan: healthy working rivers *and* healthy, productive agricultural communities growing clean, quality food.

The Murray River Group sees the careful and balanced implementation of the Basin Plan as the best way forward to achieve this.

The Murray Darling Basin Plan is the highest priority issue for the Group and I am pleased to provide the following feedback and input to your work.

The Group would be happy to meet to discuss our submission and expand on it at your convenience.

Sincerely

A handwritten signature in black ink, appearing to read "Cheryl McKinnon".

**CR CHERYL MCKINNON**  
**CHAIR**

### Introduction

The Murray River Group of Councils (MRGC) comprises six councils in northern Victoria: Mildura Rural City, Swan Hill Rural City, Gannawarra Shire, Loddon Shire, Campaspe Shire and Moira Shire Councils. Collectively our local government areas account for the majority of the Victorian irrigation footprint.



MRGC has worked with and advocated for our northern Victorian irrigation communities on water and the Basin Plan for the last 12 years.

Our communities are coping with significant, rapid changes that have been accelerated and exacerbated by the Basin Plan.

The entire region has put in significant effort to adapt to manage with less consumptive water. This effort has come from individuals, families and businesses as well as from irrigators.

The scale and pace of change has reduced our communities' resilience and their ability to keep adapting. It has affected the health and wellbeing of individuals and families as well as the prosperity of businesses in our communities.

### **SDL Adjustment Mechanism**

Adequate funding and adequate time are the critical risk factors associated with the successful implementation of the SDL adjustment projects.

As identified by the EY report into the efficiency measures, it is likely that the cost of recovering additional environmental water will be significantly greater than anticipated and will exceed the existing budget.

Understanding the socio-economic impact of water recovery is complex. The definition of socio-economic neutrality in the Basin Plan is simplistic and does not take into account district impacts, or those that flow on into the wider economy and community.

Deep mistrust exists in communities across the region of those responsible for delivering the Basin Plan. Any interpretation of socio-economic data that does not reflect the pain felt by our communities in delivering the Plan to date will further contribute to this mistrust.

The MRGC has raised concerns in relation to the neutrality test set out in the Basin Plan previously to the Federal Water Minister and to the MDBA. MRGC's concern is that under the current definition water recovery could occur that would have significant social and economic impact on northern Victorian communities while still meeting the definition of "neutral".

The existing definition does not adequately account for community and district level impacts of reducing the overall consumptive pool.

Further, the connected nature of the Southern Basin means that wherever in the Southern Basin that water is recovered from, it is inevitable that further Victorian High Reliability Water Share (HWRS) entitlements will be lost from the Goulburn Murray Irrigation District (GMID) with further economic and social impact.

### **Constraints**

The removal of constraints is a critical outstanding question for the Basin Plan and for the recovery of water under the efficiency measures of the SDL adjustment mechanism.

Issues of cost and budget are critical to the success of the constraints strategies. MRGC has doubts that the existing budget allocated will be sufficient to ensure appropriate strategies are put in place.

Timing of inter-valley transfers of environmental and irrigation water – movement during the summer months - presents a significant issue and the potential environmental damage done by the movement of large volumes of water.

Developing additional on-farm or system storage is one potential mechanism in the management of this issue as would be delivery charges that accurately reflect the full cost of these transfers.

### **Structural Adjustment**

Any structural adjustment investment in regional communities must be focused on long term economic diversification, fostering entrepreneurialism and enabling new and enduring forms of economic prosperity.

Such programs should be developed in conjunction with local communities and local government.

### **Water Recovery**

Northern Victoria cannot afford to lose any more productive water. The work to date to become more efficient and innovate has pushed districts and communities to their limit.

Further reduction in productive water would mean that the next extended dry period will become a tipping point with devastating, permanent impacts on our communities.

The purchase of water entitlements (Buy-Backs) has been particularly damaging to our communities, especially due to the way they were implemented.

No strategic district wide consideration was given to the purchase of water entitlements by the Commonwealth. This resulted in a patchwork of dried off farms that have severely affected entire districts.

One impact of water recovery has been to place upwards pressure on the fixed costs of managing the GMID and reduce the pool of irrigators. Further water loss would make these costs unaffordable to irrigators, threatening the future viability of the entire district.

Many of these districts were already adapting to changes due to water exit and demographics. Buy-backs for the Basin Plan accelerated these changes.

The rapid pace of change has left communities vulnerable and has affected their resilience and ability to adapt.

Additional water recovery from the southern connected basin would put further pressure on northern Victorian industries. In particular, independent reports and our own research highlights that the dairy industry would be severely impacted during the next extended dry period, to the extent that it may not recover. The flow on effect would be devastating with the entire value add industry affected.

### **Water Trading**

The MRGC is concerned with the expansion of the irrigation footprint that is occurring at the same time the consumptive pool is reducing due to the Basin Plan. State water trading and land use planning rules are insufficient as these issues cross state boundaries. The Basin Plan has exacerbated this problem due to the reduced consumptive pool. Increasing the irrigation footprint by opening up new areas for irrigated agriculture, is placing upwards pressure on water prices. Without a strategic approach to structural adjustment in established irrigation districts, it also has the potential to strand expensive irrigation assets, drainage infrastructure and high quality soils.

For further information please contact Geoff Turner, Executive Officer – [gturner@mrgc.com.au](mailto:gturner@mrgc.com.au). 0419 030 314