



19 April 2018

Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

To Whom It May Concern

PRODUCTIVITY COMMISSION – FIVE YEAR ASSESSMENT – SUBMISSION

Council writes this submission as part of the Productivity Commissions (PC) five-year assessment. Council understands that the inquiry pertains to the effectiveness and implementation of the Basin Plan and water resource plans.

As the PC will be aware, the Murray Darling Basin Plan (MDBP) supports the integrated management of resources in the Murray-Darling Basin to optimise social, economic and environmental outcomes.

The MDBP plays a crucial role in ensuring the future of the Murray Darling Basin is sustainable whilst recognising climate change, the need to support healthy rivers, the importance of using water wisely in the future and also securing respective water supplies. Overall, Greater Shepparton City Council is very supportive of the intent of the MDBP.

The MDBP articulates that it must have positive or neutral socio-economic outcomes resulting from its implementation. Council questions the measures regarding how neutral outcomes are being quantified and it is our understanding that the view of the MDBA is that willing buyers and sellers of water entitlements are considered part of a neutral transaction. Such a sale of water out of the GMID does not create a neutral impact as flow on effects such as local production, jobs and other impacts are lost within those respective regions and this needs to be quantified.

In 2016, the Goulburn Murray Irrigation District (GMID) Water Leadership Group commissioned the development of an analysis that would delve into the socio-economic impacts experienced thus far (within the GMID) as a result of the implementation of the MDBP.

- The report was developed by RMCG who highlighted the following impacts:
- The GMID would be \$4.4 billion worse off under the basin plan from 2012 to 2020, outweighing the \$3.15 billion the district had received in funding under the MDBP
- There has been \$550 million in lost production in the Goulburn and Murray Valleys of Victoria every year since 2012
- An estimated 1,000 jobs have been lost
- Irrigators in the region are paying \$20 million more per year for temporary water
- Dairy in the region has declined by 20 per cent

If another 750GL is recovered to make up a 300GL shortfall for environmental offsets and 450GL in 'upwater' the report states that economic impacts would be the following:

- Double the losses in GMID production, processing and jobs
- Next drought will be devastating: Only 270GL water available in GMID
- Partial GMID shut down, and farms driven out of business
- Investment stifled for lack of secure water supplies

The recently released Ernst and Young report "Analysis of Efficiency measures in the Murray-Darling Basin" relating to the recovery of 450GL indicates that a very large proportion of the 450GL is to be recovered from the Goulburn-Murray and Sunraysia Districts.

The local agriculture industry supports various industries/sectors within the region including manufacturing, business support services such as but not limited to accounting, legal and engineering whilst also aiding the retail economy. It should be articulated that the above highlighted economic impacts are frightening for Greater Shepparton and surrounding towns within the GMID. What is even more distressing is that there is a continued intention to remove an additional 450GL from the GMID as per the MDBP which will place the region under further severe economic stress.

It is hoped that this review conducted by the PC outlines both the positives and negatives experienced thus far as a result of the MDBP and that appropriate steps are taken in relation to the future implementation of the plan to ensure that communities such as ours are not decimated. Greater Shepparton and the wider Goulburn Valley plays a significant role in the success and overall economic sustainability of the state of Victoria. It is pertinent that the Greater Shepparton region is supported to assist in the absorption of population growth from Metropolitan areas such as Melbourne.

Council understands that the MDBA have commissioned an analysis into economic impacts of the MDBP and we anticipate its release.

Should you wish to discuss this submission further, please do not hesitate to contact Director Sustainable Development Geraldine Christou

Yours sincerely

Cr Kim O'Keeffe
MAYOR

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