

# Submission

## To the Australian Government Productivity Commission's Inquiry - Murray-Darling Basin Plan: Implementation Review 2023

*“What lessons should be learned from programs aimed at helping communities adjust to the Plan?”*

*“Are there any other issues with the Plan implementation that you wish to raise?”*

**31 July 2023**

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Campaspe Shire Council is pleased to lodge this submission to the Productivity Commission's Inquiry into the Murray-Darling Basin Plan: Implementation Review 2023.

As a member of the Murray River Group of Councils (MRGC), we are fully supportive of its submission to this Inquiry. While our submission is complementary to the MRGC submission, we wish to highlight the significant economic contribution Campaspe Shire's agricultural industry makes to our economy, the strong food manufacturing sector that exists complimenting the agriculture sector, the ancillary businesses that support both sectors and most importantly the viability of our local towns. We also want to highlight that at the heart of its survival and growth into the future, is its continued access to irrigated water.

Campaspe Shire is one of the richest and most diverse agricultural areas in Victoria. The agricultural sector alone has the greatest number of business entities in Campaspe Shire, many of which are sole traders or small businesses. (Source: [app.remplan.com.au/campaspe/economy/summary](http://app.remplan.com.au/campaspe/economy/summary))

It is, therefore, not only vitally important that the effective and balanced implementation of the Basin Plan achieves environmental sustainability targets, but that it does so without undue negative impact on the long-term viability of our towns, prosperity of our shire's economy or wellbeing of our communities.

Campaspe Shire Council engaged economic consultants REMPLAN to conduct an economic analysis of Campaspe's agricultural sector. Prepared in July 2023, this report forms the basis of our submission to the Commission's inquiry, highlighting the significance of agricultural production, and importance of irrigated water, to the Campaspe economy and community.

Some of the key findings of the economic analysis include:

- Of the 852 agricultural businesses counted within the Campaspe Local Government Area (LGA), 614 are estimated to rely on irrigation water.
- 87% of irrigated water is used for pastures and crops for grazing or hay.
- 72% of local agricultural businesses are reliant on irrigation for production.
- Three quarters of irrigated water use is sourced from irrigation channels or pipelines.
- Campaspe accounts for three quarters (74%) of the total tomato crop value in Murray River Region.
- Campaspe directly supports almost half (45%) of all Murray River dairy sector jobs.
- Half (50%) of all Murray River fruit and vegetable processing jobs are in Campaspe.
- More than a half (52%) of all Murray River Region dairy farm workers are in Campaspe.
- Every one dairy manufacturing job supports another two workers within Campaspe LGA.

The REMPLAN analysis also highlights the likely impacts and flow-on effects of job losses within some of Campaspe's water-reliant agricultural sectors. Economic modelling for dairy product manufacturing as a case in point, shows that the loss of 100

jobs from dairy product manufacturing is associated with a direct reduction in annual gross revenue of \$80.5 million and direct fall in value added of \$14.8 million. From this direct contraction in economic activity, flow-on supply chain effects, in terms of reduced local purchase of goods and services, would be anticipated to include a fall of \$64.9 million in gross revenue, the loss of 172 supply chain jobs and a further fall in value added of \$24.1 million.

The report highlights the closure in recent years of Nestle in Tongala and Murray Goulburn in Rochester as case studies that illustrate the devastating impacts of job losses and the flow-on effects to the economy and other businesses in the supply chain. It must be understood that these impacts also create a ripple effect on the social fabric of communities, impacting attendance and participation in community programs and activities, such as childcare and sports clubs, for example. These “hidden impacts” go to the heart of the social cohesion and connectedness of our communities.

The Victorian Government Department of Environment, Land, Water and Planning’s “2022 Update of the Socio-Economic Impacts of the Basin Plan in the Goulburn Murray Irrigation District” (GMID) highlights a range of economic impacts, including:

- previous water recovery has resulted in less irrigation (50% less water use in the GMID), putting the viability of major irrigation districts and the industries and communities they support under pressure
- water prices have risen significantly (by an average of \$72 per ML) due to water recovery from the consumptive pool, particularly in dry years
- irrigation businesses are more reliant on the allocation market and have greater exposure to high water market prices – up to 50% of GMID irrigators rely on the allocation market to meet their water needs
- further water recovery from irrigators (buybacks and on-farm projects) will add to the impacts already being felt and undermine the ability of irrigation communities’ to plan for the future.

Agricultural production, particularly the dairy industry, is significantly lower in the GMID because of water recovery. The 2022 Update states that “if water recovery had not occurred, water use in the GMID could be expected to be about 50% higher in recent years (2018-19 to 2021-22). Subsequently, GMID milk production could be expected to have been about 50% higher than observed in recent years. This foregone production would have had significant flow-on benefits in towns and communities where farm inputs are sourced and dairy manufacturing occurs”. (Source: Socio-economic impacts of Basin Plan water recovery in Victoria – 2022 Update – available at [www.delwp.vic.gov.au](http://www.delwp.vic.gov.au))

From a regional perspective, there are many economic studies that demonstrate the effects of future water recovery on water price and availability and the flow-on impact of these on the various industries. Essentially, they all predict that allocation prices would be consistently higher and there would be less water available.

It is also widely considered among stakeholders that water Buy-Backs divide and damage our communities. They increase the cost of water for irrigators, pushing up input costs that inevitably put upwards pressure on food price. Last time, they cost our

region 1600 jobs, helped close a milk factory (105 jobs) and increased farming risk across our region.

How can the Australian Government assist to re-purpose these abandoned factories, create jobs, and find new economies?

As the exponential negative impacts of The Basin Plan implementation continue to take hold on agricultural and manufacturing sectors, and supplementary industries, such as engineering, transport and hospitality to name a few, businesses, families and whole communities are starting to ask the highly logical and reasonable question of, 'How are we going to be compensated for our losses?'. Government compensation payouts are not new. In 2016 for example, the Victorian Government compensated workers and businesses impacted by the closures of the Hazelwood and Yallourn Power Station as part of the \$266 million Latrobe Valley Support Package.

If not compensation, as a minimum, we believe the government should help the communities impacted by their decisions to find new economic pathways to ensure the viability of small towns. A good example of how an economic negative and job losses for a town was turned into a positive is the story of Heinz's departure from Girgarre and how the company gifted local assets to the Girgarre Development Group.

When Heinz announced the Girgarre factory closure in 2012 resulting in the loss of 146 FTE jobs, the company decided to leave a legacy for the community. Heinz gifted the Girgarre Development Group four blocks of land (3 x residential and a larger parcel of farm-zoned land) and 67 megalitres of water. The result has been the creation of a benchmark regional botanical gardens, complete with an amphitheatre, café and nursery. "Gargarro" has created a new events and tourism focus for Girgarre which has resulted in new job creation and increased visitation. (Find out more at [www.gargarrobotanicgarden.com.au](http://www.gargarrobotanicgarden.com.au))

Campaspe Shire Council has, for many years, strongly advocated for the careful, effective and balanced implementation of the Basin Plan, including a holistic approach to water management that achieves positive environmental, cultural, economic and social outcomes.

The environmental outcomes the government aims to achieve are supported by Campaspe Shire Council, but these should not be at the cost of the long-term viability of our towns, prosperity of our shire's economy or wellbeing of our communities.

With this in mind, we urge the Commission to carefully consider our submission from an economic perspective but to also apply a human lens in understanding the broader ramifications of the Basin Plan implementation on individuals, on families and on whole communities.

We would welcome the opportunity to discuss our submission in further detail.

**CR ROB AMOS**  
**MAYOR**

**PAULINE GORDON**  
**CHIEF EXECUTIVE OFFICER**