

17 July 2023

Productivity Commission's Murray-Darling Basin Plan: Implementation Review 2023

The Victorian Automotive Chamber of Commerce (VACC) thanks the Australian Government Productivity Commission for the opportunity to comment upon the Productivity Commission's *'Murray-Darling Basin Plan: Implementation Review 2023'*.

The VACC submission has been written with the support of VACC's 5,000 members who employ over 50,000 Victorians. Of those members, the very heartland of the VACC membership base is concentrated in key regions of the Murray-Darling Basin (MDB) and other Victorian and New South Wales (NSW) regional cities.

VACC members in both Victoria and NSW will be impacted by the loss of valuable irrigation resources that will not only affect their local communities and environment but extend to further damaging local commercial activities that have only recently shown recent signs of recovery from the consequences of government mandated business shutdowns during the COVID-19 pandemic.

VACC members, particularly those in regional and rural Victoria and NSW, are cognisant of the absolute imperative for those regions to maintain healthy waterways that are supported by sensible waterway management strategy and policy. Those same VACC members support sustainable levels of water use within the MDB. Their very livelihoods and that of their clientele dictate what opportunities for further investment in their communities though employment and apprenticeship uptake depend on such an approach.

VACC is aware that water buybacks have not been announced for Victoria, however, the connectivity of NSW and Victorian farming communities via water access across the Southern Basin will be severely disrupted.¹ The diversion of water away from regions will be felt far and wide, for instance local fruit growers in the Goulburn Valley, Kiewa, Murray Valley and Sunraysia regions will be prominent amongst those who will suffer. Recent easing of importation criterion imposed by the Chinese Government will see greater export opportunities for citrus and stone fruit operators in those regions.² Those opportunities will come at a far greater cost than originally planned as the price of water access for those operators is inevitably escalated. For example, water use the Goulburn Murray Irrigation District Water would have been 50 per cent higher if not for Basin Plan water recovery. This has resulted in approximately 50 per cent less milk production. This foregone production would have had significant flow-on benefits in towns and communities where farm inputs are sourced, and where dairy manufacturing occurs.³

The very real threat to income generation and loss of direct and indirect employment opportunities should be foremost in the minds of the Commonwealth. The very ecosystem of those operators is being put at risk. The level of investment and expenditure of those operators in their communities will be curtailed if they are not able to avail themselves to a constant, economically viable and assured level of irrigation opportunities.

¹ Victorian Farmers Federation, *'Water buyback plan ignores evidence and farming communities'*, Media Release (2023), <<https://www.vff.org.au/wp-content/uploads/2023/02/MR-Water-buyback-plan-ignores-evidence-and-farming-communities.pdf>>.[10].

² Country News, *'Keen to squeeze more from Chinese Market, (13.6.23)* 21.

³ Frontier Economics Report 2023.

To this point VACC members do not agree that the recovery of the 450 GL through what the Murray Darling Basin Authority claim to efficiency measures will provide benefits through creating an economic stimulus to regional areas.⁴ VACC members have told us that water buybacks of this magnitude will hurt their towns and increase the price of food and services for all Australians.⁵ It is argued by many of VACC's regional business owners that the rising costs of doing business will ultimately result what is already a 'grudge' spend of purchasing a new vehicle or maintaining a safe and well serviced motor vehicle or combine harvester (for e.g.) a necessity to put off.

The NSW Irrigators Council have reported that water buybacks were a key factor in the loss of 3,261 full time jobs across the economies of 40 Murray-Darling communities.⁶ Of concern to VACC is that 1,684 of those jobs were lost in the northern regional areas of Victoria, many jobs and people which will never return to those regions. The onflow to the automotive retail sector in regional Victoria will be further exacerbated as more school leavers move away from regional towns seeking greater employment opportunities in metropolitan Melbourne or Sydney. This will limit the access to a skilled labour workforce where it is most critically required.

VACC agrees with many Victorian regional communities that the time for talk is over. VACC implores the Australian Government to not interfere or interrupt the access and distribution of irrigation water under the MDB Plan. The reality is that it will not just be regional Victorian agriculture that is affected. Regional Victorians need access to safe, environmentally friendly, socially appropriate, and modern vehicle technologies. By continued bureaucratic interference in the systems that in many ways underwrite the economic outputs that support many regional areas, access to safety, environmentally sound and technology opportunities may not eventuate.

VACC and its members are available for consultation with the Productivity Commission. You should refer any queries to VACC Industry Policy Advisor Michael McKenna

Kind regards

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⁴ Department for Environment and Water SA, Advisory Statement: The Basin Plan's final 450 GL – why recovering and delivering this water is important for all of us (2023), < <https://www.environment.sa.gov.au/topics/river-murray/basin-plan/sustainable-limits-on-water-use/efficiency-measure-projects/advisory-statement-basin-plan-final-450>>, [13].

⁵ Victorian Farmers Federation, 'Water buyback plan ignores evidence and farming communities', Media Release (2023), < <https://www.vff.org.au/wp-content/uploads/2023/02/MR-Water-buyback-plan-ignores-evidence-and-farming-communities.pdf>>, [2].

⁶ NSW Irrigators Council 'Water buybacks cost 3261 jobs in southern Basin' Media Release 24.4.23 retrieved from https://www.nswic.org.au/media_release/water-buybacks-cost-3261-jobs-in-southern-basin/ [1].