



## **SWAN HILL RURAL CITY COUNCIL RESPONSE PAPER TO THE MARKET MECHANISMS FOR WATER IN THE MURRAY DARLING BASIN**

Our Mallee communities understand the intrinsic nature of the Murray River and its environs. Any changes to water allocations will impact greatly on the diversity and prosperity of our region. Resilience is a key character of the Mallee community, and this has been clearly demonstrated by farming practices in this diverse landscape. Mallee communities accept the need to change, however they must be provided with transparent information and extensive support.

Swan Hill Municipality is located on the Murray River between Mildura City Council and Gannawarra Shire Council. The population is 21,800 and Swan Hill is considered the central hub of the region for satellite towns in Victoria and NSW.

Council believes that a significant Federal Government buyback of water in the Swan Hill Municipality will have long lasting impacts on the future viability of our community. The long-term drought –climate change and fluctuating commodity prices that are a result of the global financial crisis have contributed considerably to the future viability of our region.

### ***Council is concerned about the Definition of sellers and the targeted buying limits***

*The recommendation 10.1 of eliminating the 4 percent out of area trade of water entitlements will have catastrophic impact on the region. These trade limits are vital, and will prevent large scale reduction of the land capability in the region.*

Council reinforces the view that any buyback process must not restrict the viability of the region. The NVIRP “yellow zones” identify irrigation areas identifies where buy back can occur above the 4% rule. This will severely disadvantage our region. Council requests the Commission conduct extensive socio economic studies that provide clear and achievable recommendations to maximise the future sustainability of the region.

Our remaining irrigators are highly stressed and under extreme pressure due to long term drought and low commodity prices. Many Irrigators have sold their water due to a lack of options. In conjunction with removal exceptional circumstances support, remaining irrigators have had to sell their assets to ensure their survival.



The level of impact on our region is correlated to the volume of water that may be removed from the region. Yes, farm businesses that sell the water receive an injection of funds to help adjust to the changed circumstances. However, the flow-on impacts of a significant drop in the rural economy due to the loss of water will be pronounced but there is no adjustment support for those remaining in the region.

### **The unaccounted cost to community**

The socio-economic impact of access (or lack of access) to water has an effect on communities on both sides of the borders. This is mainly applicable to Victoria and NSW as the Southern NSW Municipalities rely heavily on the Victorian towns and Cities as their main commercial base; i.e. Mildura with Wentworth Shire, Swan Hill and Gannawarra with Wakool and Balranald. The Victorian Municipalities mentioned also rely on the economic input from the NSW towns/Municipalities.

- The Riverine towns in the Gannawarra, Campaspe, Wakool, Balranald and Moira Shires are already in decline regardless of the proposed changes to land use practices.

Council is concerned reductions in allocation of water and water security will be in direct contrast with the current State Government Policy Directives that strive to support the economic and sustainable development of Victorian Regional Communities.

- Gillespie & DCA Economics (VEAC, 2006) support Council's contention that at an individual level there will be a range of potential impacts resulting from the loss of employment for individuals and their families. They include financial impacts, reduced future work opportunities, reduced participation in mainstream community life, strains in family relationships and intergenerational welfare dependency.
- Similarly, the flow on effects to the value adding to the timber products industry has not been considered. This industry contributes over \$900 million (RMCG, 2009) to the regional economy and provides valuable opportunities to diversify the community skills base and cannot be readily dismissed.
- The adjacent NSW Municipalities are also an important food source for Australian consumption and export.
- The 2005-2006 annual gross value of agri- production was \$2.2 billion at farm gate; this represents 10% of national and 25% of NSW total agricultural production. The region produces a wide range of summer and



winter grains, crops, fruit, vegetables horticulture, viticulture dairy and livestock (RAMROC, 2009)

- Furthermore a socio economic review RMCG (2009) of the Municipality Wakool NSW (adjacent to Swan Hill) identified the level of socio economic impact will be linked to the volume of water that may be removed from the region. Irrespective of how the water is lost, there will be significant regional impacts through the loss of agricultural production and flow on losses to the regional economy.
- Farm businesses that sell the water receive an injection of funds to help adjust to the changed circumstances. However, the flow-on impacts of a significant drop in the Rural economy due to the loss of water will be pronounced, but there is no adjustment support for those remaining in the region.
- The current buy-pack proposals will see the area face a significant change over a couple of years that would, under normal circumstances, generally occur over a longer timeframe.

The RMCG, (2009) review considers that the survivability of the region is dependant on the ability of the community to implement changes in practices. These would include:

- Facilitate adaptation
- Support Services to the community
- Promotion and support to develop alternative enterprises, including higher value agriculture or industry to replace some the investment returns currently generated by irrigation water.
- Partner agencies in the region reinforces the requirement for a high level of community consultation to occur upon release of the draft Basin Plan i.e. enabling adequate time for regions to digest and understand the plan, identify how it will impact on each of the regions and determine what the implications are.

Extensive consultation and engagement must occur within our municipality and be open to all levels of concern. The social impacts of the Federal Government purchasing water in our region must be extensively researched. Furthermore our region requires significant investment and assistance from both Federal and State Governments in this period of change.



Council trusts the above submission raises the Productivity Commissions awareness of the significant impacts this draft report has on the Swan Hill Municipality and adjoining regions.

Yours sincerely

Dennis Hovenden  
Chief Executive Officer

### **References**

Gillespie & DCA Economics (2006) *VEAC, River Red Gum Forests Investigation, Discussion Paper*, October 2006.

RMCG, (2009), *Socio-Economic Impacts: Closure of Wakool Irrigation District (or parts thereof) Final Report*, RMCG Consultants for Business Community and Environment. Bendigo. Victoria.

RAMROC, (2009), Riverine & Murray Regional Organisations of Councils, [www.ramroc.org.au/home/index.htm](http://www.ramroc.org.au/home/index.htm)

