

Shepparton, Victoria, Monday 2 October 2023

This meeting was conducted like a traditional Committee hearing with witnesses presenting to the panel. Witnesses included food processing and manufacturing businesses, the Committee for Greater Shepparton, Local Government, logistics businesses and farmers.

The hearing heard from 14 invited witnesses and a further three attendees representing farmers and riparian landholders including from NSW.

A summary of the key evidence follows:

Shifting goal posts

JANINE WALLER EXECUTIVE DIRECTOR, AUSTRALIAN DAIRY PRODUCTS FEDERATION

“So, we obviously oppose the water amendment in its current form. We do support the extension of the timeframes and I think given all the challenges everybody is fine with that, but we don’t support bypassing the socio-economic test, we don’t support further buybacks unless they can demonstrate neutral or positive impact.”

“What we are most concerned about is the rules being changed, we’ve been involved in the Murray-Darling Basin Plan since inception and we have operated in good faith in returning water back to the environment, and now all of a sudden, despite all our consultation and process, the rules are changing in front of us.”

PAUL WELLER FONTERRA AUSTRALIA SUPPLIERS' COUNCIL BOARD, FONTERRA

“I fully support the extension of the time, I’m strongly against doing away with the socio-economic neutrality test, and strongly against lifting the 1500GL cap on water buybacks because if more water leaves, we will see the demise of our areas.”

SHANE SALI MAYOR, GREATER SHEPPARTON CITY COUNCIL

“Then Water Minister Tony Burke stated in 2012 that there would be no further water buybacks, effectively taking that completely off the table. People signed up to that years ago and what is happening now is a whole new plan, it is deeply concerning.”

NATALIE AKERS, DAIRY FARMER AND WATER POLICY ADVOCATE

“As a region, I think there is no one here that can support the bill in its current form. It does not set any requirement or justify any environmental outcome of what this additional water will achieve. It fails to set any process for offsetting the economic damage.”

“In trying to reinvent the basin plan the goalposts have completely shifted on what the basin plan was 12 years ago, the 450GL was never a part of the basin plan and that is reflected in the legislation. It is very much a shifting of the goalposts and that is very sad.”

DAVID MCKENZIE, GOULBURN MURRAY IRRIGATION DISTRICT (GMID) WATER LEADERSHIP GROUP

“Walking away from the bipartisanship that has underpinned the plan is an extraordinary move, we’ve been saying for a fair while that they are not doing this with communities, they are doing it to communities. This last stage of the plan is that on steroids.”

Economic impact

HUSSEIN RIFA, CHAIRMAN, SPC GLOBAL

“We want to make SPC the global Australian food brand, but we are already behind the eight ball in terms of operating on a level playing field compared to other trading partners, so anything that gives us an additional disadvantage has a magnifying effect.”

“The cost of input to us would be higher and therefore, in order to recover cost and make a modest profit we have to sell at a higher price and what that is going to do is open the market for more imports.”

JANINE WALLER EXECUTIVE DIRECTOR, AUSTRALIAN DAIRY PRODUCTS FEDERATION

“So as we are sitting here now we have the lowest production we’ve had in 30 years, so you can imagine, it’s not only all of those challenges, but now we’ve got this reduction of production off the back of increased input costs, we’ve got pressures coming from imports, at the moment we have a flurry of imports coming from New Zealand, so we’ve got about a \$3 differential between the price of raw milk here versus New Zealand.”

“That is why we are starting to see cheap cheese and cheap butter appear on supermarket shelves.”

“Just to put it in perspective for you, for every dollar lost of farm production value it is estimated there will be another \$1 to \$2 of additional value lost in the local economy.”

“For every litre of milk that we can’t procure locally, it will add anywhere between 4-9 cents per litre to the cost across the supply chain.”

TOM DICKINS HEAD OF TECHNICAL AND PROCESS ENGINEERING, NOUMI LIMITED

“If the volume (of milk) isn’t sustainable then potentially the whole plant will not be viable, we can’t consolidate into other plants, we don’t have that capability.”

JASON LIMBRICK CHIEF EXECUTIVE OFFICER, AUSTRALIAN CONSOLIDATED MILK (ACM)

“As an industry we really need stability at the farm gate, something like this at the wrong time, with seasonal conditions, could push us to the level where a lot of businesses that are taking those products could become unviable through sheer lack of volume.”

“In the industry it is not unreasonable that is we do get a slight decline in milk volume you will see assets close in regional communities, there is no question about that.”

SHANE SALI MAYOR, GREATER SHEPPARTON CITY COUNCIL

“This would rip apart our communities, destroy grass roots sporting clubs, charitable organisations, all of those important things that keep a community together, I feel it would be impossible to make any financial contribution that compensated adequately for that.”

NATALIE AKERS, DAIRY FARMER AND WATER POLICY ADVOCATE

“Our lived experience is that buybacks do cause severe damage, we have an irrigation footprint so in Northern Victoria the Goulburn Murray irrigation District (GMID) is the largest irrigation district in the country.”

“We spend \$2 billion dollars upgrading that irrigation infrastructure and now, if we have less water going through that system because of buybacks it creates what we call a Swiss cheese, or scattergun approach where some sell and some don’t but we still have to maintain that infrastructure across that large footprint.”

LINDY NIEUWENHUIZEN, CEO, COMMITTEE FOR GREATER SHEPPARTON

“Victoria and in particular northern Victoria has acted in good faith, delivering against all the goalposts as they were established at the outset; these amendments are changing the finishing line when we are already in sight of it. That is a rough deal to have to accept.”

ANDY MANN, GENERAL MANAGER ADVANCEDAG

“We see the lack of consultation on the 450GL of buybacks as being very detrimental for this region and the social fabric.”

DAVID MCKENZIE, GOULBURN MURRAY IRRIGATION DISTRICT (GMID) WATER LEADERSHIP GROUP

“We are talking about a \$900 million annual impact in gross agricultural production and that doesn’t count downstream impacts, so it will be more.”

“You cannot recreate a viable economy in a lot of these regional areas, when the water is gone it is done, to say you can create new economic opportunities is a sham. We have seen towns emptied out, little towns and sub-regional towns but this is going to go all the way up the value chain to I think any town under 10,000 people in Southern NSW and Northern Victoria, that is where it is heading.”

ADAM FURPHY MANAGING DIRECTOR, J. FURPHY & SONS

“Without those customers and their confidence, the capital work that comes through our factory dries up.”

Environmental impact

NATALIE AKERS, DAIRY FARMER AND WATER POLICY ADVOCATE

“It is a nonsense to think if we push more water down the river for the sake of South Australia that is great for the environment because we are actually damaging other parts of the river environment to push that water down.”

“The saddest point about all of this is that we actually can’t deliver the (environmental) water we have recovered to date.”

Community impact

TOM DICKINS HEAD OF TECHNICAL AND PROCESS ENGINEERING, NOUMI LIMITED

“I’ve lived in the Goulburn Valley for 43 years of my life, I’ve been heavily involved in the community through football clubs and those type of areas, without that socio-economic assessment there is a great risk to local and regional communities.”

NATALIE AKERS, DAIRY FARMER AND WATER POLICY ADVOCATE

“A willing seller is someone who puts their hand up and says yes, I will sell my water, but back in the last drought some were reluctantly putting their hand up because they were pushed by their banks to do it. If someone put up their hand today to sell, they would get the monetary gain, but it is the community that wears the pain.”

DAVID MCKENZIE, GOULBURN MURRAY IRRIGATION DISTRICT (GMID) WATER LEADERSHIP GROUP

“Having been involved in advocacy around basin stuff for a decade with bureaucrats I’m probably feeling more pessimistic about the future of the region than I ever have on this front and I’m really disappointed to note that I’ve never seen less engagement from a decision maker on something that matters so much.”

Implications for Local Government

SHANE SALI MAYOR, GREATER SHEPPARTON CITY COUNCIL

“What we don’t know with the 450GI is where that will come from, how much will come from our region and what economic impact that will have.”

“If the additional 450GI plus the remaining 300GI is to be sought as well, we expect the impact on our region will be a \$900 million economic impact, year on year.”

Outcomes not numbers

HUSSEIN RIFA, CHAIRMAN, SPC GLOBAL

“We clearly understand the need to balance the needs of the various stakeholders in the Murray-Darling Basin, unfortunately the climate and the environment does not know fixed maps, and it changes every year. The focus needs to be on how we can work within the climate rather than the politics of water.”

LINDY NIEUWENHUIZEN, CEO, COMMITTEE FOR GREATER SHEPPARTON

“We have achieved that through some pretty significant projects, we’ve decommissioned entire irrigation areas, we’ve built infrastructure to allow water to be delivered, we’ve addressed water access, entitlements, governance, and the adaptation of individual farmers and communities, we are not who we were 10 years ago, and we have the scars to show for it.”

“We’ve also had some great outcomes for where that environmental water can be delivered with infrastructure, it actually can work, we have successes there that can actually guide how this process should play out.”

Food security

TAYLOR HALL GENERAL MANAGER, VALLEY PACK COLD STORAGE

“I don’t think any people have truly sat down and thought about the fact that this removes food production from Australia, and it is driving up the cost of food production for Australians, I just can’t get past that point.”

JEREMY GRIFFITH, HEAD OF GOVERNMENT RELATIONS AND ADVOCACY, APPLE AND PEAR AUSTRALIA LIMITED (APAL)

“The majority of apples and pears are grown throughout the basin; the biggest growing area is the Goulburn Valley. Australia is very reliant on the apple and pear industry, 99.7 per cent of apples and pears supplied are grown in Australia.”

ANDY MANN, GENERAL MANAGER ADVANCEDAG

“A lot of the products under \$5 that are on shelves in supermarkets just won’t be available, so it is also going to have a big impact on cost of living.”

JEREMY GRIFFITH, HEAD OF GOVERNMENT RELATIONS AND ADVOCACY, APPLE AND PEAR AUSTRALIA LIMITED (APAL)

“Reducing the amount of supply will increase the price of apples and pears in this country.”

“The concern from growers is that if the government takes the view that people should pay more, we need to have mechanisms and they need to look at competition issues. The growers will have these costs coming towards them and they won’t be able to pass them on.”

TAYLOR HALL GENERAL MANAGER, VALLEY PACK COLD STORAGE

“For each megalitre of water that leaves, what is the production value? We lose \$760 of production per megalitre for winter crops (e.g., irrigated wheat or barley), a couple of tonnes per hectare; \$460 of production for rice; \$12,500 of production for table grapes for every megalitre; \$16,500 of production of Pink Lady apples and \$6,000 for citrus; these are farm gate figures.”

“If we look at Pink Lady apples, which is an easy one for me to highlight; each megalitre of water produces about 13 tonnes – or near enough to 100,000 apples

at a retail price of 70 cents in Australia, and 50 per cent pack out, we are looking at \$35,000 of produce on the supermarket shelf.”

“When you only look at the farm gate value you miss the significant economic value that accumulated in our region from every megalitre of water. The Pink Lady apple highlights the economic activity generated by every piece of horticulture product.”

CAMERON POGUE DIRECTOR, ADVANCEDAG

“We are an agronomy-based business, and we constantly crunch the numbers on gross margins for growing crops and the cost of water is a big part of that; as soon as the cost of water gets over that \$200-\$250 a megalitre temporary it just makes it unviable to grow these crops.”