

MURRUMBIDGEE VALLEY WATER USER'S ASSOCIATION

**PO Box 12
47 Carrington Street
DARLINGTON POINT NSW 2706**

**Telephone: 02 6968 4280
Facsimile: 02 6968 4300
Email: hutchag@webfront.net.au**

SUBMISSION TO THE ENQUIRY INTO COMPETITION POLICY MADE BY Cr. JIM McGANN ON BEHALF OF THE MURRUMBIDGEE VALLEY WATER USERS ASSOCIATION

Mr President,

The Murrumbidgee Valley Water Users Association is an association of local government councils, with interests in the development of the water resources in the Murrumbidgee Valley, between Gundagai and Balranald. We were formed in 1939, with the prime aim of lobbying for the implementation of the Snowy Mountains Scheme, to provide greater security for the supply of water for irrigation, industrial development, town water supplies and stock and domestic water. Since then we have been active in the promotion of the value of en route storages and the improvement in the efficiency of river regulation.

Since 1939 we have been placing increasing emphasis on the need for any development to be environmentally responsible and sustainable. The communities in the Murrumbidgee Valley have become increasingly reliant on a reliable water supply for their livelihood. It is in our interests to maintain and improve the health of our river and the land that we rely on for our sustenance. There are approximately 150,000 people resident in the councils who are members of our organisation. They are all reliant either directly or indirectly, for their livelihood, on a reliable supply of high quality water, for irrigation, industry and domestic uses. There are too great issues, which we have to address:

1. The maintenance and improvement of our environment including river health, water logging and salinity and dryland salinity; and
2. The maintenance of the living standards of the people.

While the environment has rightly received a great deal of publicity and much effort has gone into repairing the damage already done, the people have tended to be forgotten. It is of the utmost importance that in any reform agenda, that government's consider the long and short term effect of the proposed reforms.

It is essential that in the present global economic environment, that we remain competitive. There are always two aspects to any economic reform:

1. The short term effect; and
2. The long term effect.

Industries and people must survive in the short term, in order to benefit from the long term. It is this aspect that I would urge members of the enquiry to address.

Competition policy has led to a decline in the services in rural areas. We are short of essential medical facilities, government services such as roads and public transport, schools, police and so on. One of the most important infrastructures that must be maintained in rural areas are communications, this includes telephones, air services, electricity etc. We are in urgent need of an upgrade of our telecommunication services to the standard where we can use the Internet effectively. There are certain facilities that everyone is entitled to if they are to maintain their competitiveness and enjoy a reasonable standard of living, some of these are:

1. Internet access at local phone call rates;
2. Local phone call rates to their nearest service town;
3. Good road access to their nearest services town;
4. Adequate medical and pharmaceutical facilities;
5. Access to high quality educational facilities at primary, secondary and tertiary level;
6. Adequate and speedy transport to their capital cities;
7. Good radio and television access.

These facilities should be considered essential services for the survival of communities in a competitive environment. They are essential not only for the social welfare of the communities, but for access to essential market information and for the development of business opportunities, and should be available regardless of whether one lives in Hay Hell Booligal or Bourke.

I would urge the enquiry to consider these aspects in reviewing and recommending further reforms.


J McGann
President MVWUA

Griffith City to the Snowy Water Enquiry

Contents

1. Introduction

2. Population

Figure 2.1 Population Growth Comparisons

3. Land Use and Resources

Figure 3.1 Comparison of Residential land Values

4. Agriculture

Figure 4.1 1996 Gross Value of Production by LGA

Figure 4.2 Hectare under Production

Figure 4.3 GVP/ha (1996 figures)

5. Employment

Figure 5.1 Total Employment Change Comparison with NSW

Figure 5.2 Employment Distribution by Sector

Figure 5.3 Table for Employment Distribution Graph

Figure 5.4 Summary of Employment Distribution Lower Murrumbidgee

Figure 5.5 Comparison of Employment Distribution

6. Summary

7. References

Disclaimer: This report has been prepared using data and information provided from a variety of sources. The information has been verified where possible .

Any representation, statement, opinion or advice expressed or implied in this report is made in good faith but on the basis that the authors are not liable for any damage or loss whatsoever which has occurred or may occur in relation to a person taking or not taking (as the case may be) action in respect of any representation, statement, or advice referred to in this report.

1. Introduction

This report gives argument for and the statistical basis behind the support of the Griffith City Council for the retention of the existing levels irrigation water supply to the Murrumbidgee Valley.

Griffith City is the both the agricultural and service centre for the eleven Local Government Areas benefiting directly from Murrumbidgee River Irrigation. The impact of any change in water supply levels are thus most keenly felt within this community.

Griffith is acknowledged as one of the real success stories of country New South Wales. It has offered and is offering an example of a way forward for rural communities optimising the value of public sector investment with private sector initiatives.

This partnership between the public and private sector has been recognised in the Premier's Five Point Plan for the Western Riverina which aims to support the creation of 4,000 additional jobs over the next ten years.

The maintenance of the existing irrigation water supply levels is an essential and assumed ingredient in the Premier's Plan.

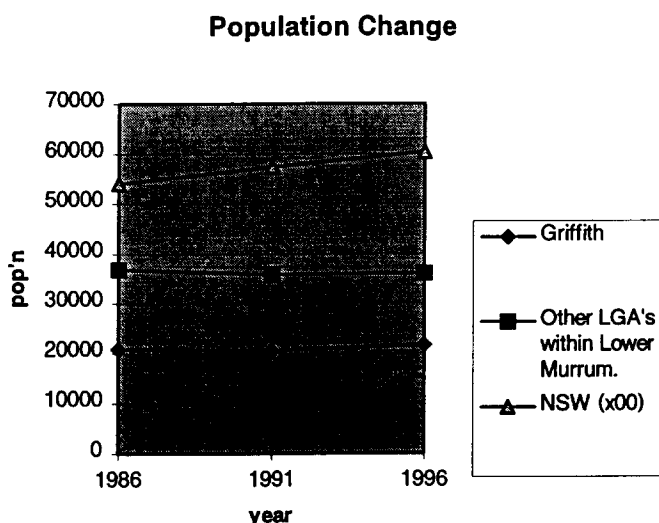
The data presented in this report is derived from ABS statistics, the Valuer General's Statistics or from Council records. Limitations on the ABS data available to areas outside the capital cities means that it has not been possible to present any meaningful information on either value of manufacturing output or retail sales.

The submission has relied heavily on data collected for Murrumbidgee Irrigation .

2. Population

Figure 2.1 Population Growth Comparison¹

Population	1986	1991	1996
Griffith	20888	20532	21594
Other LGA Lower Murrum.	36929	35780	36096
NSW (x00)	54010	57320	60380



The Premier's five point plan for the Western Riverina has acknowledged expansion plans primarily in the agricultural sector which will lead to the creation of 4000 new jobs and has committed the government to providing the necessary infrastructure support.²

Most of this population and employment growth will be centred on Griffith.

¹ From ABS 1996 Census

² From Riverina Naturally No10 1998 Riverina Regional Development Board

3. Land Use and Resources

The Murrumbidgee Irrigation Area is one of the most important agricultural areas of Australia. 1996 production value was around \$1 billion.ⁱⁱ

Griffith City Local Government Area produced \$345,000,000 of this amount.

It is also the service centre for much of the remainder of the Lower Murrumbidgee extending from Hay to Hillston to Narrandera and Jerrilderie and thus the retail and service sector of its economy is exposed to the vagaries of the total regional economy.

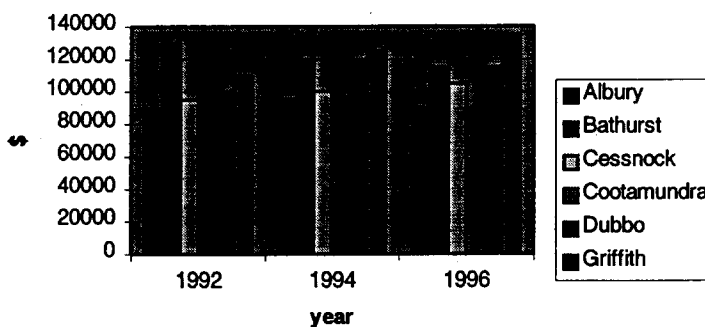
All business activities rely virtually completely on the continuing success of the wider agricultural sector for their existence.

The current buoyancy of the Griffith economy is evident in the comparison of property values. The following table is typical of comparable properties throughout inland NSW.³

3.1 Comparison of Residential Land Values

Residential Cottage \$	1992	1994	1996
Albury	90000	95000	90000
Bathurst	130000	120000	115000
Cessnock	95000	100000	105000
Cootamundra	100000	100000	90000
Dubbo	100000	120000	115000
Griffith	110000	125000	135000

Residential Cottage Values \$



³ Real estate Values 1996 NSW Valuer General's Office September 1996

from Jim McGann
 to Kerry Foreman please

4. Agriculture

4.1 1996 Gross Value of Production by LGA⁴

Narrandera	84566723
Carrathool	122778552
Griffith	344809723#
Hay	56224390
Leeton	55957563
Murrumbidgee	56786439
Urana	45535925
Conargo	75347638
Jerilderie	77546194
Windouran	25780766
Balranald	46573370

includes estimate of poultry slaughtered provided by Barter Enterprises (ABS data re-classified)

4.2 Hectare under Production⁵

	1992	1994	1996
LGA	Ha	Ha	Ha
Narrandera	364725	356011	371715
Carrathool	1575954	1517634	1476611
Griffith	197841	198339	190833
Hay	1158907	1130793	1192525
Leeton	83696	100698	83832
Murrumbidgee	345399	330954	308599
Urana	304717	299789	292108
Conargo	390347	372757	385489
Jerilderie	301049	286033	301870
Windouran	371782	365142	369643
Balranald	2197692	2264835	2193826
Total	7292109	7222985	7167051

⁴ From ABS Agricultural Statistics 1996

⁵ *ibid.*

4.3 \$GVP/ha by LGA.⁶

	1992	1994	1996
Narrandera	141.5	183.5	227
Carrathool	53.4	68	83.1
Griffith	999	1552	1806#
Hay	35.4	41.3	47.1
Leeton	595	714	667
Murrumbidgee	136	174	184
Urana	82.9	114	156
Conargo	162	193	195
Jerilderie	203	265	257
Windouran	57.4	60.7	69.7
Balranald	20.5	18.3	21.2

includes estimate

Note: The reliance of the Griffith economy on irrigation agriculture is evident in the extremely high return per hectare for the LGA compared with other regions which have a large sector of dry land farming.

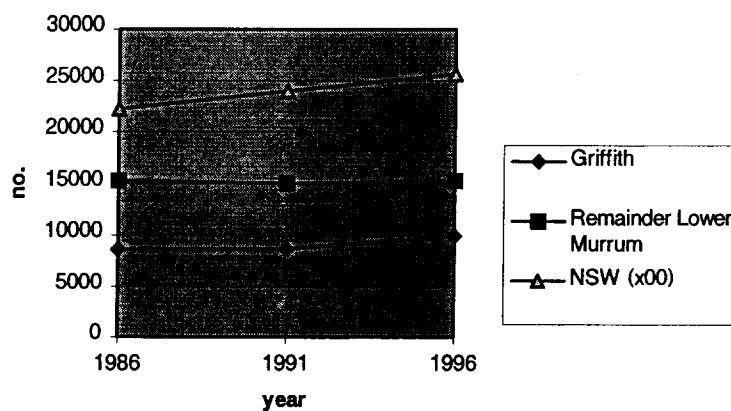
⁶ derived from *ibid.*

5. Employment

5.1 Total Employment Change Comparison with NSW⁷

	1986	1991	1996
Griffith	8608	8678	9939
Remainder Lower Murrum	15279	15006	15294
NSW (x00)	22171	23989	25588

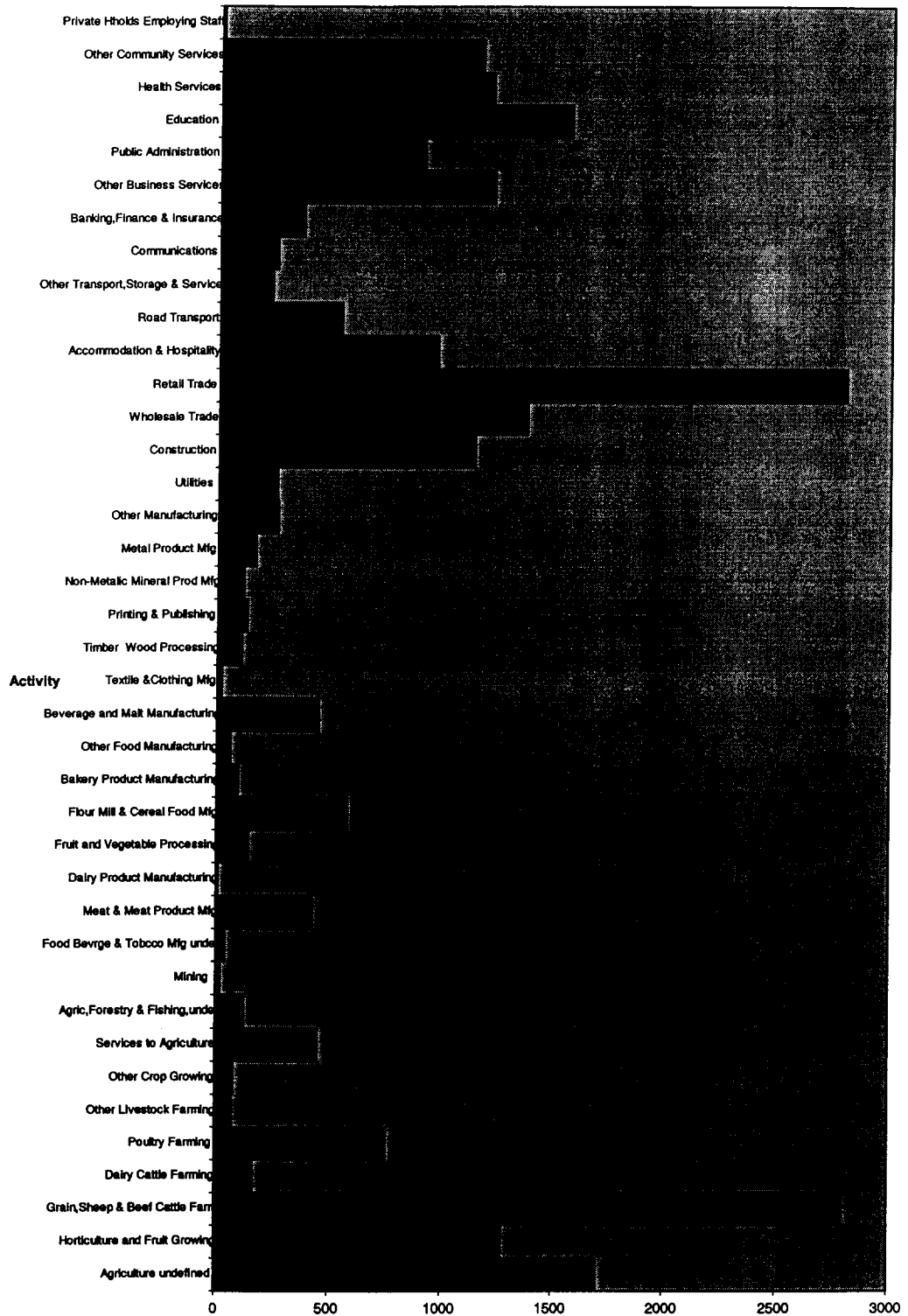
Employment Change



The growth in employment in Griffith is roughly comparable to that of NSW as a whole whereas the remainder of the LGA's within the irrigation area is relatively static.

⁷ ABS Census data 1986, 1991 & 1996 census

5.2 Employment Distribution by Sector (some aggregation of classifications)⁸



⁸ ABS Census data 1996

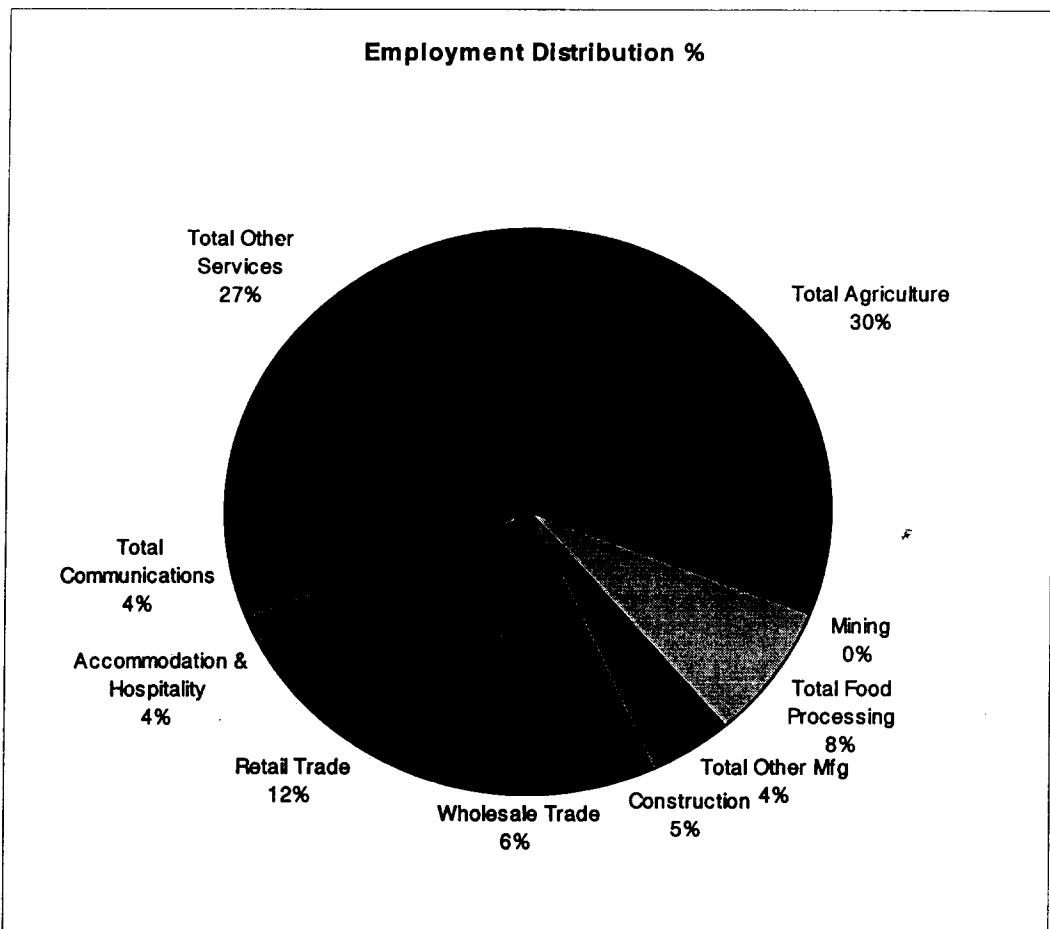
5.3 Table for Employment Distribution Graph⁹

Classification	Total
Agriculture undefined	1702
Horticulture and Fruit Growing	1276
Grain, Sheep & Beef Cattle Farm	2799
Dairy Cattle Farming	173
Poultry Farming	758
Other Livestock Farming	77
Other Crop Growing	82
Services to Agriculture	454
Agric, Forestry & Fishing, undef	128
Mining	22
Food Bevrg & Tobcco Mfg undef	43
Meat & Meat Product Mfg	429
Dairy Product Manufacturing	10
Fruit and Vegetable Processing	144
Flour Mill & Cereal Food Mfg	580
Bakery Product Manufacturing	96
Other Food Manufacturing	62
Beverage and Malt Manufacturing	451
Textile & Clothing Mfg	21
Timber Wood Processing	109
Printing & Publishing	132
Non-Metalic Mineral Prod Mfg	117
Metal Product Mfg	169
Other Manufacturing	267
Utilities	261
Construction	1141
Wholesale Trade	1374
Retail Trade	2803
Accommodation & Hospitality	971
Road Transport	541
Other Transport, Storage & Services	234
Communications	258
Banking, Finance & Insurance	372
Other Business Services	1221
Public Administration	905
Education	1564
Health Services	1213
Other Community Services	1165
Private Hholds Employing Staff	11

⁹ ibid.

5.4 Summary of Employment Distribution Whole of Lower Murrumbidgee¹⁰

Activity Area	Total	%
Total Agriculture	7449	30
Mining	22	<1
Total Food Processing	1815	8
Total Other Mfg	1076	4
Construction	1141	4
Wholesale Trade	1374	6
Retail Trade	2803	12
Accommodation & Hospitality	971	4
Total Communications	1033	4
Total Other Services	6451	27



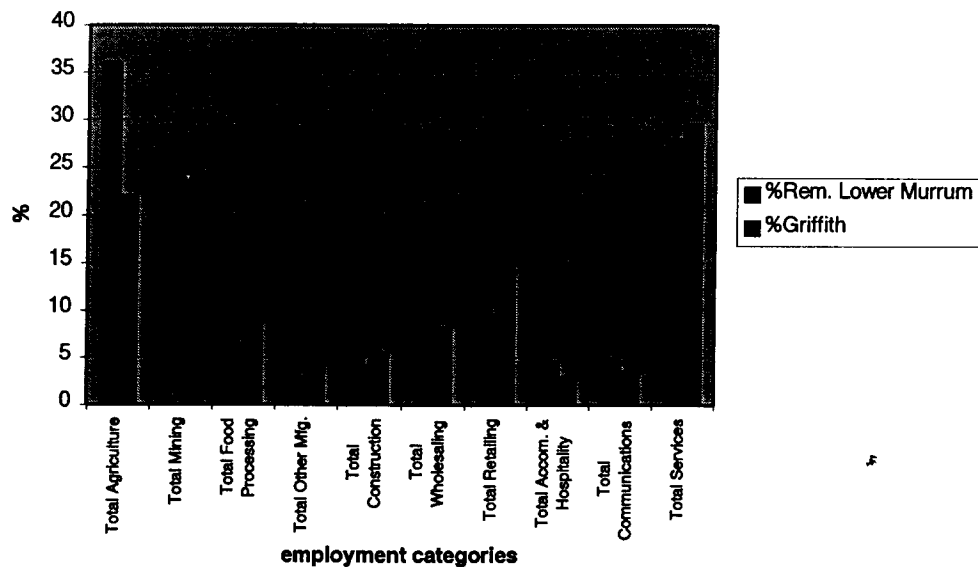
By comparison, in Australia the primary sector accounts for around 5% of employment.

¹⁰ derived from *ibid.*

5.5 Comparison of Employment Distribution¹¹

	Rem. Lower Murrum. Total	%	Griffith Total	%
Total Agriculture	5300	36	2149	22
Total Mining	19	0	3	0
Total Food Processing	946	6.4	869	9
Total Other Mfg.	429	2.9	382	3.9
Total Construction	607	4.1	534	5.5
Total Wholesaling	583	3.9	791	8.2
Total Retailing	1418	9.6	1385	14.4
Total Accom. & Hospitality	675	4.6	296	3
Total Communications	689	4.7	340	3.5
Total Services	4078	28	2841	29.6
	14744		9590	

Comparison of Employment Distribution



The importance of Griffith as a Service centre for the whole region is demonstrated this graph which shows a lesser reliance on the agriculture production within the Griffith Local Government Area to support the other business activities. This however makes Griffith much more vulnerable to an agricultural downturn in the regional economy.

¹¹ ibid.

7. Summary

- The Lower Murrumbidgee Valley produces around \$1 billion worth of agricultural commodities each year.
- Of this Griffith produces approximately a third by value.
- Virtually all of the Griffith production relies on irrigation water.
- Griffith is also the service centre for the wider region and therefore affected by regional economy.
- On average, each of the 7449 people employed in agriculture in the region is responsible for \$130,000 worth of production each year.
- Each 1% reduction in irrigation water allocation threatens 54 jobs in agriculture.
- For each one person employed in agriculture in the region two additional people are employed.
- Each 1% reduction in irrigation water allocation threatens around 150 jobs in the region
- Most of the support jobs threatened are located in Griffith.
- The Premier has committed State funds to the growth of the Western Riverina based on existing activities which rely on irrigation water.
- A reduction in available irrigation water would therefore work against announced state policy.

7. References

Australian Bureau of Statistics 1986, 1991 & 1996 Census Data
Australian Bureau of Statistics Agriculture Census Data 1992, 1994 & 1996
New South Wales Auditor General's Office real Estate values 1996

ⁱ Australian Bureau of Statistics 1986, 1991, 1996 Census Selected Characteristics by LGA
ⁱⁱ Australian Bureau of Statistics Agricultural Census Data 1996