INQUIRY INTO POSITIONING THE WIMMERA MALLEE PIPELINE REGION TO CAPITALISE ON NEW ECONOMIC DEVELOPMENT OPPORTUNITIES

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RURAL AND REGIONAL COMMITTEE

FINAL REPORT

Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities

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REFERRAL OF INQUIRY TO THE RURAL AND REGIONAL COMMITTEE
of the
PARLIAMENT OF VICTORIA

INQUIRY INTO POSITIONING THE WIMMERA MALLEE PIPELINE REGION TO CAPITALISE ON NEW ECONOMIC DEVELOPMENT OPPORTUNITIES

Referred by the Legislative Assembly on 25 November 2009: That under s 33 of the Parliamentary Committees Act 2003 the Rural and Regional Committee be required to inquire into, consider and report no later than 31 August 2010 on positioning the Wimmera Mallee Pipeline region to capitalise on new economic development opportunities and, in particular, the Committee is required to:

(1) identify the economic development opportunities that will arise as a result of the Wimmera Mallee Pipeline;

(2) explore the strengths of the Wimmera Mallee region as a business location, including an industry capability analysis to identify the industries that would be best placed to establish in this region;

(3) identify the key factors that should be promoted to attract investment to this region; and

(4) recommend actions that can be taken by the Victorian Government to support the region to capitalise on the opportunities arising from the Wimmera Mallee Pipeline.

Referred: 25 November 2009
Due: 31 August 2010
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Chairman’s Foreword

Long-term secure access to good quality water is crucial to the lives of my constituents and all rural and regional Victorians.

Water is essential, be it for farming, work, social or recreational purposes. It is essential for enabling rural and regional communities to develop sustainably.

I have seen first-hand how the 13-year drought has affected parts of rural Victoria, and am acutely conscious of its debilitating impact on rural communities, financially and psychologically.

The implementation of the Wimmera Mallee Pipeline project has seen water being supplied to a region that was in dire need of this crucial resource. From the start the Pipeline project has been encouraged and supported by local Members of Parliament from all political persuasions. For the communities in this region it is a welcome response to an urgent need.

It is my hope that the Pipeline will continue to positively affect the lives of residents in the Wimmera Mallee region, their businesses and their communities. For that to happen we need to ensure that water continues to be available at a fair price for agricultural, community and sporting purposes. As witnesses to this Inquiry told us, water for farming and agriculture is essential but we must now also think about all aspects of developing the Wimmera Mallee region.

For example, we cannot overlook the need for communities to water gardens, swim in lakes, maintain sporting facilities and protect ecosystems. All these have an important effect on the psyche of a community and contribute to its sustainable social and economic development.

These many effects of the implementation of the Wimmera Mallee Pipeline are documented in this Report on the Rural and Regional Committee’s Inquiry into the Wimmera Mallee Pipeline. The general consensus is of course that the Wimmera Mallee Pipeline is a great thing for the Wimmera Mallee region.
However, as our 29 recommendations show, the completion of the Pipeline must not be an excuse for complacency. The Wimmera Mallee region must now start a new process. A process through which economic development opportunities brought about by access to water are instigated and these will need to be supported through research and development, funding and careful planning.

Our Inquiry also shows there are a number of important issues which need to be followed up. One of the most pressing of these being the lack of infrastructure for firefighting in the region. As the events of Black Saturday demonstrated, the threat of fire in rural Victoria cannot be underestimated and communities need to be fully prepared for the possibility of fire before the start of bushfire season. I urge all parties involved with implementing adequate firefighting infrastructure to coordinate a solution to this problem as soon as possible.

During the writing of this report, the strong concerns of Wimmera Mallee water customers regarding the cost of Pipeline water were being addressed by the Essential Services Commission; however a long-term pricing agreement cannot be issued until the Western Region Sustainable Water Strategy finalises water trading rules. This pricing is an issue that I will be watching closely, as it is one that will affect so many parts of the lives of residents in the Wimmera Mallee region.

I believe that a final agreement about long-term pricing of water for the region would provide security for farmers that would enable them to make important business decisions. A crucial step in that regard is the publication of the Western Region Sustainable Water Strategy along with implementation of a firm delivery, trading and long-term pricing policy. The Strategy must be released as soon as possible by the government.

*The Western Region Sustainable Water Strategy* is crucially important for another reason. It outlines a system for water trading in the Wimmera Mallee area.

Water trading will eventually allow Wimmera Mallee water customers to sell water, moving it to where it is most needed in the region and generating revenue. It is essential that all aspects of this system are transparent and properly communicated to the region, and that ongoing consultation by the government with the region is ensured.

The Committee commends the work of regional organisations, some of whom gave evidence at Hearings. We have been inspired by their dedication to their community and to improving the lives of rural Victorians. It was striking to see the number of witnesses who were involved in a number of facets of community life, giving up their time to serve on committees.

The decommissioning of the region’s open earthen channels should be a carefully thought out process which involves all stakeholders in the community.

Furthermore, there needs to be a firm commitment from the State Government to upgrading pipes in areas where existing infrastructure is outdated and incapable of coping with the pressure of pipeline water.

In writing this report a great deal of original research and information was required along with existing reports. I would like to thank Education and Environment Consultant Professor Rob Wallis for his expertise and advice. For their generous assistance our thanks to staff at GWMWater including Jeff Rigby, Max Burns and Helen Friend. Thanks also to Marc Thompson at Wimmera Catchment Management Authority, Paul Lloyd at the Department of Sustainability and Environment for assistance with understanding the proposed implementation of water trading in the
region, to Peter Hyland and John Elfick for technical agricultural explanations, Brian Kearns at the Department of Primary Industries for statistical information about the region, Anne Champness from Hindmarsh Shire Council, and Dean Robertson at the Wimmera Mallee Sustainability Alliance. We thank the many experts who freely gave up their time to contribute to our efforts.

On behalf of my Committee colleagues I wish to thank our dedicated Secretariat staff, Lilian Topic, Patrick O’Brien, Juliette Elfick and Eleanor Howe, for the time and energy they have devoted to supporting the Committee during this Inquiry. Juliette Elfick was appointed as Researcher for the duration of this Inquiry and I particularly thank her for her conscientious and meticulous approach to a complex subject.

I thank my colleagues on the Committee – we have always had a very robust approach to our deliberations and to all the subject matter we have tackled. I hope that those we represent understand that we are dedicated to hearing their concerns and ensuring that the State Government keeps the needs of rural and regional Victoria on its radar at all times.

As has been confirmed to me many times while chairing this Committee, rural and regional Victoria’s greatest resources are our human capital.

During this Inquiry the Committee heard from 32 witnesses, at four public hearings and received 11 submissions. Finally and most importantly, I thank our witnesses and those who made submissions to the Committee’s Inquiry. I have been personally enriched by meeting with so many good people and hearing their insights. I believe that this report reflects their concerns and addresses them.

I urge the Government to look closely at our Recommendations and implement them as a matter of urgency.

I commend the Report to the Parliament.

Damian Drum MLC
Chairman

August 2010
Recommendations
Recommendation 1
That, as a matter of urgency, the State Government:

a. encourage the Essential Services Commission and GWMWater to come to a final agreement about long-term water pricing for the region (and educate water users in the Wimmera Mallee region about guidelines); and

b. ensure the urgent publication of the *Western Region Sustainable Water Strategy* and implementation of a firm delivery, trading and long-term pricing policy.

5.8

Recommendation 2
That the State Government ensures that its policies do not have a negative financial impact on water pricing in the Wimmera Mallee region and that:

a. prices remain affordable for water customers;

b. pricing policy is transparent to customers, and that information is readily available; and

c. tariff rates and price information is calculated and fixed on a long-term basis to give consumers and business security and surety.

5.17

Recommendation 3
That the State Government, in conjunction with the Federal Government, ensure that GWMWater are left with minimal debt in relation to the Wimmera Mallee Pipeline project, enabling GWMWater to provide water to customers at the most cost-effective price and ensuring that the region can maintain its competitive advantages.

5.30

Recommendation 4
That the State Government commit to upgrading pipes in areas where existing infrastructure is outdated and incapable of coping with the pressure of pipeline water.

5.34
Recommendation 5
That the State Government, in consultation with a local independent farmer’s group and other peak organisations, investigate the current and future needs of farmers in the Wimmera Mallee to ensure that farmers are:

a. not financially disadvantaged because of their implementation of Pipeline-related on-farm reticulation; and

b. assisted to comply with Pipeline-related on-farm reticulation requirements.

5.36

Recommendation 6
The Committee encourages the State Government to acknowledge the spill over benefits to regional economies and community wellbeing of community clubs and institutions. Giving consideration to those who have been traditional users of cheap low-grade water and are now in financial difficulty due to significantly higher water prices, the Committee recommends that the Government support GWMWater to ensure that they can maintain a policy of subsidising water to these users.

5.48

Recommendation 7
That water for recreational purposes be supported and that recognition be given for recreational water as an economic development driver and opportunity for local tourism. In developing water policy for the Wimmera Mallee region, the State Government should take into account the need to provide recreational water in instances where water is available and, through community consultation, prioritise the allocation of recreational water resources. The Committee further recommends that the cost of recreational water distributed into lakes, weir pools and wetlands be shared across the Wimmera Mallee Pipeline catchment area.

5.56

Recommendation 8
The Committee recommends support for the allocation of water for environmental purposes and recognises the significant biodiversity resources of the region. In developing water policy for the Wimmera Mallee region, government should take into account the need for provision of environmental water in cases where water is available.

5.71
Recommendation 9
That the Victorian Government ensure provision of access to water for firefighting purposes in the Wimmera Mallee region and, given current concerns and funding uncertainty associated to infrastructure, provide funding for the establishment of infrastructure before the next fire season.

Recommendation 10
That the Victorian Government ensure that when planning future extensions of the Wimmera Mallee Pipeline, an analysis of delivery capacity is undertaken based on potential industries and farms to be supplied.

Recommendation 11
That the Victorian Government continue to provide infrastructure support to the Wimmera Mallee region through the Regional Infrastructure Development Fund.

Recommendation 12
That the Victorian Government continue to advocate to the Federal Government for improved telecommunications services in the Wimmera Mallee region given current deficiencies in availability of high-speed broadband and consistent mobile phone coverage, which are both impediments to business development.

Recommendation 13
That the Victorian Government provide support for transport links to markets. This could be achieved through the following recommended actions:

a. the continued upgrading of the Western Highway;
b. the continuation of the Regional Infrastructure Development Fund ‘Roads to Market’ program;
c. the ongoing implementation of the State’s rail network upgrades;
d. the completion of the upgrade of the Horsham Airport through the State Government’s Regional Aviation Fund; and
e. the completion of the Dooen freight hub via the State Government’s Regional Infrastructure Development Fund.
### Recommendation 14
That the Victorian Government further commit to renewable energy by funding research into renewable energy projects in the region.  

5.134

### Recommendation 15
That the Victorian Government investigate the possibility of extension of the natural gas pipeline past Horsham.  

5.137

### Recommendation 16
That the Victorian Government commits to extending educational and training opportunities in the region, particularly ensuring that skills match economic development opportunities.  

5.144

### Recommendation 17
That the Victorian Government continue funding regional organisations to provide training and education for farmers and business people in the Wimmera Mallee region.  

5.144

### Recommendation 18
That the Victorian Government, through the responsible Department, ensure the development of balanced planning schemes and comprehensive industry codes to minimise excessive red tape and ensure current and potential industry is secure to invest in the region.  

5.150

### Recommendation 19
That the Victorian Government provide support to business through access to mentoring programs and investment information; and that the Department of Primary Industries continue to provide support to industry through logistical research and information for existing businesses, and for businesses contemplating investing in the region.  

5.161
Recommendation 20
That the Victorian Government, through the Department of Primary Industries, investigate opportunities for businesses to establish pig, sheep and beef slaughtering facilities in the Wimmera Mallee. This initiative would contribute to the further development of the local economy, the encouragement of these businesses to develop within the region and in the establishment and diversification of these types of local industries. Furthermore, the diversification and establishment of these new industries would significantly contribute to reducing current environmental concerns about food miles travelled by animals in these industries.

Recommendation 21
That the State Government support diversification of existing businesses in the region.
This could be achieved by:
- supporting regional organisations for the purposes of education, research and development and mentoring; and
- providing support through Regional Development Victoria funding, special programs or partnerships with local organisations.

Recommendation 22
That the Victorian Government commission a locally based research body to undertake research into the viability and expansion of feedlotting in the Wimmera Mallee region.

Recommendation 23
That the Victorian Government undertake an industry capability assessment for value adding to grain in the Wimmera Mallee region.

Recommendation 24
That the Victorian Government commission a local research organisation to investigate the viability of the Wimmera Mallee Sustainability Alliance's proposal to promote food production in the region.
**Recommendation 25**
That the State Government continue to fund agricultural research and development examining food production strategies in arid environments.

6.113

**Recommendation 26**
That the Victorian Government commission a local research organisation, to investigate the viability of niche business opportunities such as olives, tree crops, flower growing and nut production.

6.113

**Recommendation 27**
That the State Government, through Tourism Victoria, examines the need for a localised tourism body in the Wimmera Mallee.

6.117

**Recommendation 28**
That the Victorian Government investigate agribusiness and agritourism opportunities in the Wimmera Mallee region and further that the Government ensure that investment opportunities in the region are an economic development priority for the State.

6.122

**Recommendation 29**
That the Victorian Government continue to support mineral sands exploration and industry development through the Department of Primary Industries Minerals and Petroleum Division, bearing in mind environmental concerns and sensitivities.

6.145
Chapter One

Introduction

Water is a big thing.¹
Mr Stephen Reynolds, Manager, Charlton Feedlot, 2010.

Water is life’s mater and matrix, mother and medium. There is no life without water.²
Albert Szent Gyorgvi, Hungarian Biochemist, 1937 Nobel Prize for Medicine.

Water: for Liveability, for Enterprise and for Growth

1.1 The topic of water in Australia generates great debate, yet there is one key point all parties agree on - water now needs to be a carefully managed resource.

1.2 Without good management, water will not only become an increasingly scarce resource but also an expensive and unaffordable commodity. Government initiatives to manage this precious resource are welcome by the community and many now exist or are being developed. From one such Federal initiative, the National Water Initiative, in collaboration with the State and Local Governments, the Wimmera Mallee Pipeline was born.

¹ Mr Stephen Reynolds, Manager, Charlton Feedlot, Public Hearing, Warracknabeal, 16 February 2010.
² Albert Szent Gyorgvi, Hungarian Biochemist, 1937 Nobel Prize for Medicine.
Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities

1.3 The Wimmera Mallee Pipeline came about because of an urgent need for security of supply of water, increased size of supply and improved water quality in a region that had been in drought for many years. In the Wimmera Mallee region, the lack of water was an impediment to daily life - toilets couldn’t be flushed for lack of water - and to the economic development of the region. Community wellbeing was affected on many levels.

1.4 The Pipeline project was approved after many years of campaigning. It was expedited during construction because of the severity of the drought in the Wimmera Mallee. There was a recognition that many in the region were facing intolerable hardship because of the lack of quality water and the uncertainty of its supply. Parts of the Pipeline were opened during the construction phase to alleviate hardship in communities attempting to survive with extremely limited water resources.

Inquiry Terms of Reference

1.5 The Rural and Regional Committee was referred Terms of Reference for an Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities on 25 November 2009 by the Legislative Assembly.

1.6 The Terms of Reference ask the Committee to identify the economic development opportunities that will arise as a result of the development of the Wimmera Mallee Pipeline. They focus on an examination of the strengths of the region as a location for business and a need to determine the particular businesses and industries that could be attracted to the region.  

1.7 The Rural and Regional Committee is a Joint Investigatory Committee of the Parliament of Victoria. The Committee comprises seven members of Parliament drawn from both Houses and all Parties. The Committee is chaired by Mr Damian Drum MLC, Member for Northern Victoria.

1.8 At the heart of this Report, the Committee’s response to the Terms of Reference, is a desire to hear from those who live and work in the Wimmera Mallee region about how the Pipeline has benefited the region. The Committee’s Inquiry is also motivated by a desire to hear from local people what they believe to be the economic development opportunities that are available to them as a result of the implementation of the Pipeline. In order for government to determine how it can best target its development efforts in the region, local advice is essential.

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3 The Terms of Reference for the Inquiry are at page iii.
The Evidence Gathering Process

Regional Hearings

1.9 During regional Hearings for this Inquiry the Committee heard from witnesses in Warracknabeal and Donald about how the Pipeline has affected the region. The Committee heard from community leaders from Local Government, water authorities, farmers, entrepreneurs, industry leaders and research academics. They spoke of their history in the region, their involvement in the development of the Pipeline and their use and assessment of the Pipeline.

1.10 The Committee also conducted Hearings in Mildura, where the Northern Mallee Pipeline was constructed between 1992 and 2002 and has been in operation since. Witnesses who came before the Committee included farmers, industry experts and academics who provided a perspective on a similar project and drew the Committee’s attention to lessons that could be learnt from their experience. Insight was also given to the Committee about the nature of any pipeline project in a region and how it can continue to be a work in progress. Those concerned to get the best value and opportunity from these projects need to be alert to how they can be improved and developed in an ongoing way.

1.11 Witnesses spoke about their improved quality of daily life as well as improvements to their business practices. The Pipeline has alleviated the strain of living and working in a drought-affected area.

Submissions

1.12 Submissions for the Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities were gratefully received by the Committee and have contributed to the development of our understanding of the region and the issues and to the writing of this Report. Submissions were received from the Horsham Rural City Council, the Buloke Shire Council, the Wimmera Catchment Management Authority, the Grampians Regional Development Australia Committee, Ouyen Incorporated, the Victorian Farmers Federation, Grampians Tourism Board, Pyrenees Shire Council, Grampians Wimmera Mallee Water, the Victorian Government and Northern Grampians Shire Council.

Scope of the Inquiry

1.13 A great deal of work has been done by researchers and practitioners on the subject of the Wimmera Mallee Pipeline project. For example, since the Pipeline’s inception, a number of feasibility studies have been
commissioned by the Department of Primary Industries to look at various aspects of how the Pipeline will change lives and create opportunities in the Wimmera Mallee area. At the University of Ballarat in Horsham, the Water in Drylands Collaborative Research Project (WIDCORP) has conducted research looking into the Wimmera Mallee Pipeline as well as assessments of the Northern Mallee Pipeline. Significant work has also been produced by the Wimmera Development Association and by GWMWater. This Report draws on this previous work.

1.14 Furthermore, a number of the individuals and organisations involved in producing plans and assessments relating to the project appeared before the Committee to discuss their work and to respond to our questions about the development and future of the region.

1.15 This Report by the Rural and Regional Committee does not seek to cover material that has been expertly dealt with elsewhere. The Report seeks to ensure that regional Victorians living and working in the Wimmera Mallee have a voice in the future development of their region. The Report reflects both evidence and testimony provided to the Committee and information about the project and its development drawing from original research and previous studies.

**Report Structure: the Committee’s Approach**

1.16 This Report on the Wimmera Mallee Pipeline is divided into a number of chapters providing background and information about the pipeline project and the Wimmera Mallee region and chapters discussing challenges and opportunities for the region.

1.17 Chapter Two puts the Pipeline project into a national and global perspective. In discussing the subject of water in the region in this context, it deals with questions about water rights and water markets. These were raised with the Committee at regional Hearings. A discussion of the subject of water and its management raises many questions, some of which could not be answered in this Report but which are important for government policy makers because they need to be resolved and must be considered in plans for the region.

1.18 Chapter Three provides background on the Wimmera Mallee region, including demographic and other facts and figures. It also provides information about the economy of the region including agriculture, mining, employment, as well as education, tourism and infrastructure.

1.19 Chapter Four sets out background information about the Wimmera Mallee Pipeline project, the logistics of constructing the Pipeline and the characteristics of this particular water infrastructure.
1.20 Chapter Five introduces some of the challenges facing the Wimmera Mallee region in terms of access to water, the cost of water, pipeline capacity and infrastructure requirements for the region. These were raised by witnesses at Hearings.

1.21 The Chapter also looks at the need for surface water in the region, such as for recreational, firefighting and environmental purposes where water is required to sustain and promote biodiversity. During Hearings for the Inquiry, contributions were heard about how having a reliable water supply improved liveability and wellbeing. This was raised a number of times with the Committee. In that context, the release of recreational and environmental water has been discussed.

1.22 Many impassioned witnesses told the Committee about the drought’s devastating effect with the loss of recreational facilities like sporting greens and home gardens, which were not able to be watered; and lakes and rivers that had been used for swimming, fishing and water skiing that were now dry. This adversely affects small communities already struggling with debt, population loss and loss of livelihood as a result of the drought. Using excess water from the Pipeline to supply some of these lakes and rivers was suggested a number of times.

1.23 Recreational and environmental water were also linked to tourism. Witnesses and Submissions, including one from the Grampians Tourism Board, repeatedly provided information to the effect that without water-based activities and things to see, the tourism industry and the economic benefits that come with it will be taken away. Caravan parks often exist alongside lakes, sporting events on rivers attract visitors and wetlands serve as habitat for wildlife that enhance the natural beauty of the region.

1.24 Chapter Six provides an industry capability analysis for the region. In doing so, it looks at both hard facts and testimony from witnesses to build a picture of the possibilities for development and growth that are available with a sustainable water supply. This Chapter looks at livestock, agriculture and agribusiness, horticulture, food processing and niche business opportunities. It also examines possibilities for tourism and recreation including ecotourism and agritourism.

1.25 Finally, this Report makes recommendations to the Victorian Government about ways in which government policy and management of precious water supplies can contribute to ensuring ongoing access to water for liveability, for enterprise and for growth in this important region.
Chapter Two

The Importance of Water

2.1 On 15 April 2010, when announcing the completion of the Wimmera Mallee Pipeline, the Federal Minister for Climate Change, Energy Efficiency and Water, Senator the Hon Penny Wong, summing up a key rationale behind the project, stated, ‘Many of our rural and regional communities are confronting the challenge of securing their water supplies in the face of continuing drought and climate change.’ It is important in any discussion of the Pipeline to first address key reasons why the Pipeline was needed, in particular the spectre of drought and global and regional climate change.

Environmental Challenges

2.2 The science of climate change, or global warming, is based on research which indicates that global weather patterns are changing due to increases to the Earth's average temperature. This is said to be caused by increases in greenhouse gases which may be caused by activities such as burning fossil fuels, land clearing and intensive agriculture.  


2.3 The 2009 Copenhagen *Synthesis Report*³, written by a team of international scientists, presents an overview of a broad range of research relevant to climate variability. The global risks it identifies include:

- current estimates show that global warming is around 50 per cent greater than was reported in 2007;
- small increases in average temperature could lead to impacts on human wellbeing in the future;
- heat extremes will increasingly have serious implications for food production and security; and
- if carbon dioxide levels continue to rise, climate change will become irreversible (for example, reduced rainfall in some regions and global sea level rise).

2.4 The Report addresses the role of climate change in water supply arguing that ‘Climate change often affects human societies through the water system, directly and indirectly, by a combination of changes in water availability, accelerating floods and droughts and sea level rise and storms.’⁴

**Australia**

2.5 Since the mid-20th Century, Australian temperatures have, on average, risen by about 1°C with an increase in the frequency of extreme weather events such as heatwaves and a decrease in the numbers of frosts and cold days. Rainfall patterns have also changed – while the northwest has seen an increase in rainfall, much of eastern Australia and the far southwest have experienced a decline.⁵

2.6 ‘Climate Change 2009 – Faster Change and More Serious Risks’⁶, also known as The Steffen Report, argues that there are critical risks for Australia including:

- recurring droughts and drying trends;
- an increase in extreme weather events such as heatwaves, bushfires and floods; and
- changing water availability, including a drying trend in the Murray-Darling Basin.

2.7 An increase in severe climate aspects such as storms, floods and cyclones is of great importance to regional and rural areas.

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⁴ Ibid.


Victoria

2.8 In Victoria, climate change means a warmer and drier future with the increasing likelihood of heatwaves, bushfires and storm surges.\(^7\)

2.9 Rainfall has been below average across much of southeast Australia since 1997, with the Murray-Darling Basin experiencing below average rainfall since 2002.\(^8\)

2.10 The Victorian Government has released the *Climate Change White Paper*\(^9\) which examines the risks facing Victoria and proposes ways the State can reduce greenhouse gas emissions and adapt to the impacts of climate change.

2.11 The Regional Strategic Planning Initiative states, in reference to the Wimmera Southern Mallee region:

> The impacts of climate change on agricultural production and water supply and security present challenges to regional communities and industries. The region recognises it can no longer rely almost exclusively on its agricultural economic base and is seeking to diversify industry, attract new investment and develop new opportunities through education, infrastructure and broadband connectivity.\(^10\)

2.12 In this excerpt from the Victorian *Climate Change Green Paper*\(^11\) Christine Forster, Member of the Ministerial Reference Council for Climate Change Adaptation, former Chairperson of the Victorian Catchment Management Council and a woolgrower in Western Victoria, draws on her personal experience as a farmer as well as her professional knowledge to describe the challenges facing regional Victoria. The correspondence is reproduced here because it captures the changes and challenges facing farmers in Victoria.

> The winds of climate change are already blowing across regional Victoria. In the past, Victorian irrigators have had access to secure and reliable water entitlements. Reduced seasonal allocations of irrigation water will mean that primary producers will need new tools to manage those risks to protect permanent plantings in horticulture and provide adequate feed for dairy cows. Warmer temperatures and increased carbon dioxide might improve productivity of some crops but less frosts\(^12\) and an increased

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\(^12\) Editorial Note: Less frosts may in some cases be considered a benefit.
number of severe weather events will reduce productivity in some horticultural crops.

Some of the threats to our environment such as salinity will be reduced but our rivers and streams will require extra care if they are to remain healthy, provide clean water for farms and towns and support our unique flora and fauna. In some areas, there will be major land use change as traditional forms of agriculture are no longer profitable and irrigation systems are reconfigured to minimise water loss. We will need to encourage new opportunities such as carbon sequestration through forestry but we must make sure that these trees are planted in the right place and do not put further stress on our water resources and rivers and streams.

In my region of south west Victoria, major land use change is already taking place. South of the Hamilton Highway, the dairy industry is expanding; to the north, extensive grazing areas supporting millions of sheep and cattle are changing over to cropping. Wet, cold winters have given way to dry autumns, mild winters and hot summers.

The drying climate has encouraged the expansion of the cropping industry as water logged soils are a thing of the past. However, as the winter and spring rainfall drops off, the industry needs to develop new skills to make the most of the dwindling soil moisture and emergence of new pest threats. Farms will probably get bigger as viable and productive farmers will need more land to spread their risks across a number of enterprises and increasing mechanisation and contracting in the cropping industry will mean fewer jobs. Smaller farms will need access to off-farm income to provide for more extreme years.

Climate change is just one of the many risks that the farmers of the south west will need to manage. Farming enterprises have a strong exposure to international markets and will need to improve business skills to take account of increasing costs of inputs, such as fuel and fertilisers and the volatility of the global prices. Small towns, remote from large regional centres, will struggle to maintain vibrant communities as farmers adapt to climate change. Abundant water supplies and water based recreation may be a thing of the past in some areas.

Rural Victorians are very resilient but they will need to develop new skills to manage a new set of risks and make the most of opportunities that climate change presents.  

2.13 According to researchers in the Birchip Cropping Group, farmers will need to adopt new methods and tools to survive due to predicted changes in rainfall and temperature. These have included:

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• changing to direct drill and no-till practices;
• changing crop selection, opportunity cropping;
• changing sowing dates;
• changing weed control strategies; and
• fallow rotations.

2.14 Some of the relevant projects being conducted by the Birchip Cropping Group are:

A Climate Change Report - as part of the Yield Prophet production modelling, the Birchip Cropping Group can produce a Climate Change Report that allows subscribers to observe the potential effects of climate change on crop yields in the year 2030. Yield Prophet produces a yield probability curve for historic climatic conditions and two climate change scenarios developed by the CSIRO for comparison.\(^\text{14}\)

Communicating Climate Change workshops and forums - managing natural resource issues in a variable climate, helping farmers and catchment managers to ‘have the actionable knowledge that is necessary to enable them to respond constructively to the challenges of sustainable management in both a variable and changing climate.’\(^\text{15}\)

The Wimmera Mallee Region

2.15 In 2007, the Wimmera Development Association published the *Wimmera Southern Mallee Drought Report 2007* in response to what the Report describes as ‘the worst drought since records began.’\(^\text{16}\)

2.16 In 2008, the Department of Sustainability and Environment produced predictions about climate for both the Wimmera\(^\text{17}\) and Mallee\(^\text{18}\) regions for the year 2070.

2.17 According to the Department’s predictions, climate change will affect both regions in the following ways:

• less soil moisture;

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• less water in rivers;
• more algal blooms in water catchments affecting water quality;
• water catchments affected with contamination from sediment and ash from increased bushfires;
• increased heat stress on dairy cattle reducing milk production; and
• crop damage and soil erosion from major storms.

2.18 Both regions are predicted to have a higher risk of bushfire, with the number of ‘extreme’ fire days in Mildura expected to increase by between 10 and 38 per cent by 2020 and by between 18 and 119 per cent by 2050.

Wimmera

2.19 By 2070 the Department of Sustainability and Environment has predicted daily air temperature will be between 1.3°C and 2.6°C warmer with 6-12 per cent less rain.¹⁹ Summer is expected to have the greatest increases in temperatures, spring is expected to have the greatest decreases in rainfall with fewer rainy days but increasing rainfall intensity. This is similar to the rest of Victoria with the 2070 temperature predicted to increase between 1.4°C and 2.7°C with 6-11 per cent less rain.²⁰

2.20 The Wimmera-Avon river system would produce between 10 and 50 per cent less runoff.

Mallee

2.21 By 2070, it is predicted it will be between 1.4°C and 2.8°C warmer with 6-11 per cent less rain. Summer is expected to have the greatest increases in temperatures, spring is expected to have the greatest decreases in rainfall, with fewer rainy days but increasing rainfall intensity.²¹ This is similar to the rest of Victoria with the 2070 rainfall predicted to decrease 6-11 per cent.²²

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2.22 Based on calculations for other parts of the Murray-Darling Basin, ‘the amount of water available for irrigation from the lower Murray is expected to decrease by as much as 45%.’

PROFILE: The Birchip Cropping Group

The Birchip Cropping Group (Birchip Cropping Group) is a not-for-profit agricultural research organisation led by farmers in the Wimmera Mallee region. Formed in 1992, the Birchip Cropping Group was developed by local farmers who identified a need for crop variety research and herbicide demonstrations in the Wimmera Mallee region.

With just under 500 farm-business members, the Birchip Cropping Group endeavours to improve the prosperity of rural and farming communities, strengthen broader community vitality and provide practical solutions to farm production and business constraints. With a staff of about 16, the Birchip Cropping Group conducts rural and agricultural research and extension activities in the Wimmera and Mallee and aims to help farmers with their business and facilitate adoption of new technologies and farming practices in the community.

At the Public Hearing in Warracknabeal Ms Alexandra Gartmann, the Birchip Cropping Group’s Chief Executive Officer explained Birch’s collaborative approach to the Rural and Regional Committee. The Birchip Cropping Group works with:

National and state organisations such as the CSIRO, state agencies, universities, private consultations and other farmer groups. We will work with anyone who has skills and expertise that we can pull into the area because we recognise that not all of the skills required to address the current challenges for agriculture in rural communities are found in the Wimmera Mallee.

Ms Gartmann, detailed that the Birchip Cropping Group operates across five platforms:

- farming systems: focusing on systems that increase productivity from an agronomy and systems perspective;
- communication and extension: ensuring that the research or applied work is communicated to the BCG members and also the broader community;

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25 Ibid.
26 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
• conservation: ensuring the conservation activities on farms and in the region pay not only from a biodiversity perspective but also from a farmer perspective;
• climate change and climate adaptation: focusing on the region and nationally for adaptation and mitigation strategies; and
• social and community development: looking at drought and the impact of climate change on farm-family decision making and the fabric of rural communities.  

The Committee commends the Birchip Cropping Group for its work supplying information, support and tools which have enabled informed decision making and rapid adoption of new technologies and farming practices in the Wimmera Mallee region and across Australia.

Water in Australia

2.23 Parts of Australia are facing a water crisis. Growing population, climate change, change of land use and over-allocation of water (when the amount of water entitlements are larger than what is environmentally sustainable) are all factors that have been described as causing increasing pressure on Australia’s water supplies. The Australian Labor Government’s policy, *Water for the Future*, has been developed to address the issue of water supply and to provide ‘national leadership in water reform for all Australians.’

The National Water Initiative

2.24 In June 2004, the National Water Initiative, an element of the government’s *Water for the Future* policy, was signed at the Council of Australian Governments (COAG) meeting by most State and Territory leaders (Tasmania signed in 2005 and Western Australia signed in 2006) securing intergovernmental support to increase the efficiency of Australia’s water use.

2.25 Under the National Water Initiative, all State Government and Territory leaders have committed to:

• prepare water plans with provision for the environment;
• deal with overallocated or stressed water systems;
• introduce registers of water rights and standards for water accounting;

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27 Ibid.
• expand the trade in water;
• improve pricing for water storage and delivery; and
• meet and manage urban water demands.30

**Water in Victoria**

2.26 In 2004 *Our Water Our Future*31, the Victorian Government’s long-term plan for water, the Government has proposed a range of options and solutions to Victoria’s worsening water situation, policy that the best approach for Victoria is to move away from relying on one major source of supply (reservoirs) to a number of diverse water sources.

2.27 This plan includes a desalination plant, replacing leaking irrigation infrastructure in northern Victoria, increasing water recycling, encouraging industry and households to save water and to update ‘the Victorian water grid by building new pipelines to move water to where it is needed most - projects include the Goldfields Superpipe supplying Bendigo and Ballarat and the Wimmera Mallee, Hamilton-Grampians, Sugarloaf and Geelong-Melbourne pipelines.’32

**Unbundling**

2.28 The framework for water rights or entitlements in Victoria is currently being reformed. Historically, these rights have been linked to land ownership. Under the National Water Initiative, there is a requirement that water rights should be separated to facilitate water trading33, therefore water rights have now been split into three parts:

• a water share: a legally recognised, secure share of water available for consumption;
• a delivery share: an entitlement to have water delivered to a property; and
• a water-use licence: an authority to use water for irrigation on a property.34

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History of Water Rights in Victoria (unbundling)

2.29 Between 1840 and 1860, known as the settlement expansion years, under British common law ‘only individuals owning land that came in contact with a water source could acquire the right to make use of its water’. Water prices at the time were low because of low population density and a corresponding higher water supply than demand. Secondly, the dominant farming method of the time - extensive land grazing - was not water intensive.

2.30 Water prices soon increased due to a number of factors. Between 1851 and 1861, the State’s population almost doubled. Furthermore the new rural population was now not only using land for extensive grazing but was undertaking intensive crop farming which required more regular water supplies.

2.31 From 1880, lobbying for water rights change accelerated after the formation of over 15 Farmers Clubs and irrigation leagues. Lobbyists called for ‘laws to regulate irrigation, including a new declaration of riparian rights.’ In 1886, *The Irrigation Act of 1886* was introduced and claimed all water resources in the colony as Crown property, stated that water supply contracts could not be sold separately from the land to which they applied and that these contracts would bind successive owners for the contract period.

Water Trading

Water trading: it allows people with good ideas to pick up water and move it around and get it to where it can provide maybe the best economic return.

Marc Thompson, Wimmera Catchment Management Authority

2.32 According to Marc Thompson, Chief Executive of the Wimmera Catchment Management Authority, local economic development in the Wimmera Mallee region will be partly dependent on a need to increase efficiencies by directing water to its highest value usage. This requires transferable water rights. ‘If people have a right to water and they do not need it, they can lease it or sell it to someone else’. He goes on to say, ‘But this requires that water be adequately priced’.

2.33 This sentiment was shared by the managing director of GWMWater, Jeff Rigby, who made the following statement in his closing remarks to the Committee:

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36 Ibid.
37 Ibid.
38 Mr Marc Thompson, Chief Executive, Wimmera Catchment Management Authority, *Public Hearing*, Donald, 17 February 2010.
39 Ibid.
2.34 Comments by both these executives working in the region demonstrate the important need to ensure good policy outcomes with regard to water rights and water trading because of the influence these policies will have on regional economic development.

2.35 Local water trading has been occurring unofficially in the Murray-Darling Basin since the 1940s. Since the mid 1990s, there has been a large increase in trade, with most trade occurring between farmers in northern Victoria. In 1989 temporary trading of water rights was given legislative approval and in 1991, the permanent transfer of water rights was permitted between certain irrigation districts.\(^{41}\)

2.36 In the *Water Act 1989*, amended to the *Water (Irrigation Farm Dams) Act 2002*, rules were set down for trading in Victoria as stated:

> Bulk entitlements can be traded by authorities and irrigator's water rights and licences are all tradable on either a temporary or permanent basis. Trading rules are established through a combination of legislative and administrative arrangement and are specified in considerable detail, nominating trading zones and boundaries, for instance.\(^ {42}\)

2.37 The new laws meant that farmers could:

- sell water rights and lease back from the purchaser, effectively freeing up capital that could be put back into their business;
- procure mortgages over water shares;
- adjust reliability of water supplies and timing of it; and
- now buy water shares without owning land.

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\(^{40}\) Mr Jeff Rigby, Managing Director, GWMWater, *Public Hearing*, Warracknabeal, 16 February 2010.


Water Markets in Rural Victoria

2.38 In July 2007, major changes were made to water entitlements across Victoria allowing unbundling to occur.

2.39 This diagram illustrates the governance arrangements for rural water pricing in Victoria.43

[Diagram]

How is Water Sold to Customers in Victoria?

2.40 Victoria’s water corporations can provide water in one of two ways:

- by issuing a licence ‘to a right to a share of the available resource’44 under the Water Act 1989. A customer who buys a licence receives a ‘water allocation’, defined as ‘the specific proportion of the licensed volume of water that is allocated to an entitlement-holder in a given season.’45

- by entering into a contract to deliver water to the customer from its bulk entitlement. Under this arrangement, ownership of the water stays with the water corporation. A customer who enters into a contract for water delivery receives a ‘water allowance’, defined as ‘the specific volume of water that is allocated by a water corporation from its bulk entitlement in a given season but the legal right for which remains with the distributing water corporation.’46

44 Paul Lloyd, Project Manager, Western Region Sustainable Water Strategy, Office of Water, Department of Sustainability and Environment, Personal Communication, 23 June 2010.
45 Ibid.
46 Ibid.
2.41 Charges for water are in line with those determined by the Essential Services Commission.47

How is Water Traded in Victoria?

2.42 Water markets are the trading of water allocations and entitlements, allowing water to be bought and sold according to need. The legislative framework for the water market in Victoria is established through the Water Act 1989 (Vic).48

2.43 Water entitlements and allocations can be traded by customers with the approval of the relevant water corporation. Water entitlements in Victoria must be recorded at the Victorian Water Register49, which shows the volume of water shares in each water system, annual allocation, use and the trading history including average prices for each water system.

2.44 For interstate trades both the water authority in the state of origin and state of destination must approve the transaction.50

Water Trading in the Wimmera Mallee Region

2.45 The Wimmera Mallee channel system did not allow for trade in water due to the channel system’s capacity, however the new piped system has sufficient capacity to allow trade.51

2.46 GWMWater sells water to its customers through a system of water allowances.

2.47 In its paper on GWMWater’s pricing, the Essential Services Commission states:

The Commission considers that the Department of Sustainability and Environment should clarify the allocation method to be adopted for water entitlements in GWMWater’s pipeline supply area, the trading rules and the timetable for unbundling and trading in the area.52

2.48 The lack of a system for trading water is currently seen by some as a major impediment to GWMWater’s customers. The associated long-term uncertainty in price is currently limiting potential investment in the region.

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50 Ibid.
2.49 The issue of whether trading outside the region will be allowed was discussed at the Rural and Regional Committee’s Public Hearings and concerns were expressed about how that might work in practice and what would be allowed.53

2.50 Dr McRae-Williams told the Committee that debate in the community about water trading was only beginning to take place and she suggested that the debate was taking place without detailed knowledge of the repercussions of water trading or of government policy on trading. She said:

If there is spare water, what do you do with that spare water? How much should that spare water be sold for and who can it be sold for? Farmers really have not grappled with the idea of this trading thing. It is really new to them.54

2.51 The exchange between witnesses at the Donald Hearing illustrates the current confusion about water trading:

Mr T. CAMPBELL - We are stock and domestic, we are not irrigation, so I do not think we have got the ability. I do not believe our water is tradable.

Mr A. CAMPBELL - Yes, it will be.

Mr T. CAMPBELL - It will be, apparently. I was not aware of that.55

2.52 One issue about which there was confusion was whether water that was traded, or excess water, would leave the region rather than being used in the region, for example for recreational purposes. Mr Marc Thompson, Chief Executive of the Wimmera Catchment Management Authority, explained to the Committee that the Wimmera Mallee Pipeline system is fairly isolated and supplies relatively small amounts of water. He described the nature of the system to the Committee:

This is a fairly isolated closed system; we have 2 gigalitres a year in the process of being piped to Hamilton. That is about it for water actually leaving the system. It will be used in the region or it will not be used.56

2.53 Mr Thompson explained that the ability of water to leave the Wimmera Mallee Pipeline system is inhibited by the comparatively small volumes of water supplied by the system. Furthermore, the Pipeline system’s remote location and lack of direct connection to other supply systems means that taking water out of the region is not straightforward.

53 Mr Trevor Campbell and Mr Adam Campbell, farmers, Springlake Pty. Ltd., Public Hearing, Donald, 17 February 2010.
54 Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, Public Hearing, Warracknabeal, 16 February 2010.
55 Mr Trevor Campbell and Mr Adam Campbell, farmers, Springlake Pty. Ltd., Donald, Public Hearing, 17 February 2010.
56 Mr Marc Thompson, Chief Executive, Wimmera Catchment Management Authority, Donald, Public Hearing, 17 February 2010.
2.54 It is evident from comments made at the Committee’s Hearings about water trading that a framework and clear set of rules need to be established for the region and community education about this framework and rules needs to be undertaken to mitigate confusion.

Water Pricing in the Wimmera Mallee Region

2.55 On 1 January 2004, the Essential Services Commission became the economic regulator of the Victorian water sector. The Commission’s role is ‘regulation of prices as well as monitoring of service standards and market conduct.’\(^{57}\) In 2008, the Commission reviewed the proposed prices to apply to water and sewerage services by GWMWater and approved them for 2008-09. In 2009, the Commission deferred its judgement of a revised tariff until the Western Region Sustainable Water Strategy has examined the establishment of a tradable entitlements system. The Draft Report is discussed at 2.64. The Final Report is due for release in late 2010.

2.56 Also on the issue of pricing, the Committee was advised by GWMWater that setting a final price that customers will pay for water from the Pipeline is not possible until funding arrangements for the final stage of the Pipeline project are finalised. Twenty-five million dollars has been promised from the Federal Government, in the event that it is needed, to be provided as matched funding to an equal State Government contribution.

2.57 The Managing Director of GWMWater, Mr Jeff Rigby reported to the Committee:

> We have drawn down all the funding that has been provided to us by both governments to date and we are now currently in the process of acquiring debt to fund the tail end of the project.\(^{58}\)

Mr Rigby goes on to report that:

> We will have the accurate cost for the project when the project is actually completed and all of the payments associated with the contract are finalised at that stage. We do not have a final position on what the outturn for the project will be at this stage. That will be information that will be finalised within the coming months with the completion of the project.\(^{59}\)

2.58 The uncertainty caused by the prolonged process of determining and regulating water prices was apparent at the Rural and Regional Committee’s Public Hearings where witnesses spoke about their confusion regarding water pricing. As Cr McLean stated:

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\(^{58}\) Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.

\(^{59}\) Ibid.
It is still a bit of a moving feast. People are concerned about what the long-term cost will be.60

He added:

I think that is the issue that people are now starting to realise, that the cost of this water could escalate.61

2.59 Mr Reynolds expressed his view that continued confusion over our water pricing is hurting investment in the region, saying:

That is my biggest concern: that the price of water will inhibit further development of feedlots in this region.62

2.60 Fear and confusion about water prices in the Wimmera Mallee could be the result of anecdotal accounts from Northern Mallee Pipeline customers. At the Mildura hearing, Mr Munro, grain farmer, spoke about Northern Mallee Pipeline water pricing:

We were told at a public meeting that that price would only stay up that high for eight years until the system was paid for by us with those levies and then it would drop. Of course you understand that things like that never happen. There have been plenty of price rises since.63

2.61 GWMWater consulted its customers on a revised pipeline pricing proposal for 2010-11 to 2012-13. Up until a new tariff structure was approved for the 2010-11 period, it has applied those tariffs approved for 2008-09.

2.62 In March 2010, GWMWater published their most recent pricing guideline 2010-2013 Tariff Structure and Pricing Proposal, Submission to the Essential Services Commission Applying the Hybrid Price Cap Model. Current tariffs can be found at page 49.

2.63 In May 2010, the Essential Services Commission approved tariffs for GWMWater for 2010-11, ‘subject to the deferral of all parts of it in relation to the proposed water trading system as a tradable entitlement system has yet to be established.’64 The Essential Services Commission is awaiting finalisation of trading rules by the State Government. As stated in 2.55, the proposed water trading rules for the tradable entitlement system will be published in the Government’s Western Region Sustainable Water Strategy,65

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60 Cr Stuart McLean, Councillor, Buloke Shire Council, Public Hearing, Donald, 17 February 2010.
61 Ibid.
62 Mr Stephen Reynolds, Manager, Charlton Feedlot, Public Hearing, Warracknabeal, 16 February 2010.
63 Mr Dean Munro, grain farmer; and Committee Member, Walpeup Lake Management Committee, Public Hearing, Mildura, 02 March 2010.
which is expected to be released by the Department of Sustainability and Environment in late 2010.

Unbundling the Water Rights in the Wimmera Mallee Region

The Department of Sustainability and Environment’s Western Region Sustainable Water Strategy rejects the unbundling of water rights in the western region of Victoria (which includes the Wimmera Mallee region), stating:

A number of factors do not support implementing unbundling in this early stage of pipeline operation. In particular, in such a new supply system it would be difficult to set the reserve and allocation policies for unbundling so that the reliability of the created water shares is understood. Additionally, unbundling relies on an active water market that can deal with small volumes of water with low transaction costs – this may take time to develop. Without such a mature water market, water users may be restricted in developing their businesses.66

The body of the Report recommends a system of tradable allowances be implemented where ‘customers will be able to transfer some or all of their (base price) water allowance volume to other pipeline customers within any physical delivery constraints. Transfers could be permanent (ongoing) or temporary (for a fixed number of years).’67

The Report does not rule out the possibility of unbundling in the future, saying ‘many of the requirements to facilitate a system of tradable allowances are prerequisites for unbundling. Unbundling remains an option for the future.’68

The Committee awaits with interest the outcomes of the submission process to the Government’s Western Region Sustainable Water Strategy being prepared by the Department of Sustainability and Environment; and the Final Report. The expectation is that once this Report has been finalised, the Essential Services Commission will release its decision on the long-term setting of pricing structures. This will ensure that some of the uncertainty expressed by farmers and others in the region will be alleviated.

Pipeline Issues Today

During Public Hearings in the region, the Committee heard that there remain a number of projects associated with building the Pipeline that are yet to be finalised. These issues are causing considerable concern in the Wimmera

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66 Ibid.
67 Ibid.
68 Ibid.
Mallee catchment area. Access to funding is required for these projects before local debt levels are increased to accommodate them.

2.69 Issues include:

- firefighting hydrants and tanks;
- decommissioning of channels in the region;
- payment of compensation for removal of areas of irrigation;
- establishment of a firm policy for filling of lakes and weir pools in the region;
- establishment of a firm policy for access to water for sporting clubs; and
- research into the maintenance and re-establishment of biodiversity in the area.

2.70 Since the Pipeline's opening, the issue of the Federal Government's 2007 pledge of $25 million to complete the Pipeline has been discussed by Federal and State politicians and reported by local media. Media reports suggest that the Federal Government pledge to provide a further amount of funding for the Pipeline, should it be required, should now be honoured. The local National Federal Member of Parliament has suggested that the funds be provided for costs associated with channel decommissioning and to assist Local Government to purchase hydrants and tanks for firefighting.

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Chapter Three

The Wimmera Mallee Region

Geography

3.1 The Wimmera Mallee region is made up of two regions, the Mallee to the north and the Wimmera to the south, both of which are located in northwest Victoria. The region makes up the south western part of the Murray-Darling Basin. In the south, the Wimmera Mallee region is bounded by the Grampians ranges and in the north by the River Murray.¹

Wimmera

3.2 The Wimmera region is 33,943.9 square kilometres² - representing about 13 per cent of Victoria's total area.³ It includes the municipalities of Yarriambiack, Hindmarsh, West Wimmera, Northern Grampians and Horsham Rural City as well as parts of Ararat Rural City and Buloke and Pyrenees shires.

3.3 The Wimmera region has a great diversity of soil types which reflect differences in parent material, topography, climate, organic activity and age (e.g. degree of weathering). For agricultural purposes, many of these soils have some chemical and physical limitations which require careful management.\(^4\)

3.4 The Wimmera’s landform includes a combination of mostly plains above flood level, sandstone ridges, east-west dunes and gentle to moderate hills with a network of lakes, swamps and rivers. Like most areas north of the Victorian Highlands, the landscape is generally either flat or undulating.\(^5\) The major soil types cultivated in the Wimmera region are the self-mulching Vertosols, Red Sodosols and Calcarosols.\(^6\)

**Mallee**

3.5 The Mallee region covers some 39,300 square kilometres - representing about 17.3 per cent of Victoria's total area.\(^7\) The area comprises the municipalities of Mildura, Swan Hill, Buloke and Gannawarra. Significant centres include Robinvale, Ouyen, Hopetoun, Murrayville and Birchip.

3.6 The Mallee is a semi-arid region which consists of a vast plain where there are superficial undulations. Elevations vary in the south of the region from 100 to 120 metres above sea level, falling to between 50 to 70 metres in the centre and north. The Murray River system lies along the northern boundary. Four main landforms have been recognised in the region: dunes, jumbled dunes, ridges and hummocks.\(^8\)

3.7 While the Wimmera Mallee Pipeline catchment area is in the Southern Mallee, data included in this Chapter generally relates to the region as a whole. This is due to the lack of availability of disaggregated data pertaining only to the Southern Mallee district.

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Population

3.8 According to the Department of Sustainability and Environment, regional Victoria’s population is projected to increase by 23.6 per cent, while overall population in the Wimmera Mallee region is projected to decline (see figures below).\(^9\) Figures from the Australian Bureau of Statistics from 2009 show that the towns in the shires of Yarriambiack, Hindmarsh, Buleoke and the Northern Grampians have ‘the largest declines in population in the state.’\(^10\)

Wimmera

3.9 In 2006, the Australian Bureau of Statistics estimated the population of the Wimmera was 50,712.\(^11\) There are roughly the same numbers of men and women. The population density is 1.5 persons per square kilometre. As with other rural areas of Victoria, internal migration has occurred from rural areas into large rural centres like Horsham.\(^12\)

3.10 Department of Sustainability and Environment projections show that the population in the Wimmera is projected to decrease by 6.6 per cent (3,300) between 2006 and 2026.\(^13\)

Mallee

3.11 In 2006, the Australian Bureau of Statistics estimated the population of the Mallee to be 91,854.\(^14\) There are roughly the same numbers of men and women. The population density is 2.3 persons per square kilometre.\(^15\)

3.12 Department of Sustainability and Environment projections show the population in the Mallee is projected to grow by 2.8 per cent (2,600) over the period between 2006 and 2026.\(^16\)

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\(^12\) The Wimmera Region, see: <http://www.dpi.vic.gov.au/DPI/nrenti.nsf/LinkView/1FC6A003C2E4E1F5CA2571C6001EBED33EA47A0D5BD4984ACA25727A00781A83>, accessed 3 May 2010.


\(^15\) Ibid.
Climate

Wimmera

3.13 The Wimmera has a semi-arid climate, in which rainfall ranges from 1,000 millimetres per year in the Grampians to 550 millimetres per year on the southern plains and 300 millimetres per year on the northern plains.\(^\text{17}\) Annual rainfall is greatest during the months of May to October.\(^\text{18}\)

3.14 In most years, evaporation exceeds rainfall in all months in the north of the catchment. Approximately 85 per cent of the region has been cleared.\(^\text{19}\)

3.15 The region has been in drought for the past 13 years\(^\text{20}\) and as the Wimmera Catchment Management Authority says:

The impact of the dry conditions on water availability over the last 12 years has been greater in this region than elsewhere in Victoria.\(^\text{21}\)

3.16 In summer, the Wimmera region has average maximum temperatures of around 27-30°C. In winter, average maximum temperatures are 13-15°C and frosts are common.\(^\text{22}\)

Mallee

3.17 The Mallee is semi-arid, evident from the high levels of evaporation (seven times the average rainfall).\(^\text{23}\) Annual average rainfall is only 331 millimetres which mainly falls in the spring and winter.\(^\text{24}\) On average, there are only 61 days each year where at least 1 millimetre of rain falls.\(^\text{25}\) In summer, the Mallee region has average maximum temperatures of 30°C. Winters have an average daily temperature of around 10°C and frosts are common.

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\(^{18}\) Ibid.

\(^{19}\) Ibid.

\(^{20}\) Ms Jo Bourke, Chair, Regional Development Australia, Grampians region, and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.

\(^{21}\) Wimmera Catchment Management Authority, Submission, Number 3, 17 February 2010.


\(^{24}\) Ibid.

\(^{25}\) Ibid.
Environment

3.18 The region is home to a number of national parks and river systems. Due to the drought, the region’s river systems are highly stressed\(^2\) and a number of lakes in the region have dried up, adversely affecting ecosystems. The Big Desert Wilderness Park lies across both Wimmera and the Mallee.

Wimmera

3.19 The Wimmera region has a diverse environmental landscape which includes mountains, desert, plains and woodlands. There are a number of permanent and seasonal wetlands and lakes which provide habitat for migratory birds. It is home to some endangered or vulnerable species such as the redtailed black cockatoo and brolga.

3.20 Many of the region’s numerous man made lakes and reservoirs have been dry since the late ‘90s.

3.21 The region’s parks and rivers include:

- The Wimmera River - the major river system in the region.\(^2\)\(^7\) It supports the lakes Hindmarsh (Victoria’s largest freshwater lake) and Albcuyta lakes;
- Little Desert National Park; and
- Grampians National Park.

Mallee

3.22 The Mallee is home to five distinct bioregions\(^2\)\(^8\), three along the floodplain of the Murray River and two covering the large dryland areas away from the river. The region is significant for a number of species, particularly reptiles and birds such as the ground dwelling mallee fowl. The main waterway is the Murray River and there are also freshwater and salt lakes in the region.

3.23 Approximately one third of the Mallee region is public land with a series of major parks that cover 1.2 million hectares. These include:

- the Murray-Sunset National Park;
- Wyperfeld National Park;
- Hattah-Kulkyne National Park; and

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\(^2\) Wimmera Catchment Management Authority, Submission, Number 3, 17 February 2010.

\(^2\)\(^7\) National Heritage Trust/Pipe It, Wimmera Mallee Pipeline Project, Interim Business Case – Volume 1, November 2003.

Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities

- Murray-Kulkyne Regional Park.  

**Industry and Economy**

**Agriculture**

3.24 Victoria is home to 25 per cent of the nation’s farms. Despite farming on only three per cent of Australia’s available agricultural land, Victorians produce 30 per cent of the nation’s agricultural product.  

3.25 The Wimmera is Victoria’s prime dryland cropping area, while the Mallee is one of the most productive and diverse agricultural areas of Australia. Despite the drought, a favourable climate, good soil types and abundant supply of large tracts of land means it is a good region for farming.  

3.26 There are around 6,700 farms in the Wimmera Mallee region, the average farm size is about 880 hectares in the Wimmera and 1,400 hectares in the Mallee. The total area of private holdings in the Mallee is 2.6 million hectares with a total value of production of $1.2 billion in 2003/04. Agricultural production in the Wimmera was worth $955 million in 2003/04.  

3.27 The region is known for producing a large amount of Victoria’s grapes, nuts and fruit for drying. It grows a large range of vegetables, notably asparagus, mushrooms, potatoes and carrots and fruit, notably citrus, stonefruit and watermelon. Barley is the second most prevalent crop after wheat. The area also produces pulses such as lentils, chickpeas and broad beans and canola and safflower.  

3.28 The top three agricultural industries are:

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30 Victorian Farmers Federation, Submission, Number 6, 29 March 2010.
Grapes

3.29 In terms of value, grapes are described in the Victorian Department of Primary Industry documents as the top agricultural industry for the Mallee region as a whole.\textsuperscript{35} Department of Primary Industries material shows that more than 80 per cent of Victoria’s grapes are produced in the Mallee.\textsuperscript{36} Data that looks specifically at the Wimmera Mallee Pipeline region was not available at the time of printing this Report. However, it is clear that the majority of the Mallee’s vineyards are located outside the region serviced by the Wimmera Mallee Pipeline.

Wheat

3.30 The Wimmera Mallee is the prime grain producing area of Victoria, producing grain worth an estimated $1.6 billion in 2008.\textsuperscript{37} Sixty per cent of all crop products in the Wimmera are exported.\textsuperscript{38}

3.31 The wheat grown is primarily Australian Premium White (APW).\textsuperscript{39}

Livestock

3.32 Slaughtered sheep and lambs are the third highest value agricultural industry and cattle and calves are the fourth.\textsuperscript{40}

3.33 Sheep, beef and dairy are the dominant livestock industries. The region also contributes a third of Victoria’s pork production.\textsuperscript{41}

3.34 Buloke Shire is part of the Northern Poultry Cluster which has been set up to encourage and develop opportunities for the poultry industry within the City of Greater Bendigo and shires of Campaspe, Loddon and Buloke.\textsuperscript{42}


\textsuperscript{37} Ms Jo Bourke, Chair, Regional Development Australia, Grampians region, and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.


\textsuperscript{40} Ibid.

\textsuperscript{41} Ibid.

\textsuperscript{42} Buloke Shire Council, Submission, Number 2, 17 February 2010.
Feedlots

3.35 Proximity to grain makes this region a great location for feedlots. The Charlton Feedlot in Buloke is the largest cattle feedlot in Victoria and the biggest employer in the region.

Processing Industries

3.36 Processing industries take advantage of the proximity to the region’s abundant produce. Some notable industries are Australia’s largest duck meat processing plant at Nhill, significant olive oil production, wineries and value added almond products.

3.37 Stock feed, feed milling and pellet manufacturing are also important to service local agricultural needs, as well as to sell overseas (notably oaten hay for the Japanese market).

3.38 Emerging niche industries are salt-bush fed lamb, pheasant and aquaculture (Murray cod and yabby production).43

3.39 Other value adding processing industries include:

- fruit and vegetable juices and concentrates;
- dried grapes;
- cheese making;
- abattoirs;
- honey; and
- evaporative salt production.44

Other Industry

Mining

3.40 Stawell has Victoria’s largest producing gold mine and there are further opportunities to develop the minerals sands industry in the Murray Basin.45

3.41 Mineral sands mining is under way in the southwest Wimmera near the town of Douglas and planned for the Donald region. Mineral sands mining is a major industry in the Western Mallee.46


44 Ibid.


**Employment**

**Wimmera**

3.42 Agriculture is the region’s major employer, providing 23 per cent of the jobs in the region.

3.43 The next largest employment sector is manufacturing with approximately half as many employees as agriculture.

3.44 Retail, health services and education are also important employers in the region.

3.45 Employment in professional jobs has grown by 14 per cent from 1996 to 2001.\(^{47}\)

3.46 In 2008, the unemployment rate was 5 per cent.\(^{48}\)

**Mallee**

3.47 Agriculture, along with forestry and fishing, is the largest employer in the Mallee region, employing 23 per cent of the workforce.

3.48 Retail trade, health and community services and manufacturing are also important sources of employment in the region, together accounting for 22 per cent of regional employment.\(^{49}\)

3.49 Food processing, a natural offshoot of the region’s farming produce, is a significant employer.

3.50 In 2008, the unemployment rate was 6 per cent.\(^{50}\)

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\(^{46}\) The Mallee Region, see: <http://www.dpi.vic.gov.au/DPI/nrenti.nsf/LinkView/1FC6A003C2E4E1F5CA2571C6001EBED33EAE47A0DB5D4984CA25727A00781A83>, accessed May 2010.


**Education**

3.51 Most large regional centres have secondary schools through to VCE level. Primary and pre-school services operate in many towns.

3.52 The University of Ballarat has a campus in Horsham, offering a range of courses including a degree course in nursing, and through its TAFE arm, applied science (e.g. agriculture, horticulture, wool handling), business services and human services. These are offered from certificate to advanced diploma level. There are also University of Ballarat TAFE campuses at Stawell and Ararat.

3.53 An emerging research capacity is developing at University of Ballarat’s Horsham campus, initially driven through WIDCORP, a joint venture between five partners. There are currently two PhD, two masters and two honours students enrolled at Horsham.\(^{51}\)

3.54 Mildura TAFE offers a number of certificate and diploma qualifications in horticulture and agriculture. Swan Hill has a TAFE, an Adult and Community Education Centre, a Group Training Company and Job Network providers that deliver a range of education and training options.

**Tourism**

3.55 The region’s many waterways and national parks are the core of the tourist industry. Tourists come for a variety of activities including bird watching on the wetlands of West Wimmera, rock climbing at Mount Arapiles, fishing and water skiing on the lakes and rivers and bush walking in the national parks.

**Infrastructure**

3.56 The region has good electricity supplies, though in the Wimmera ‘three phase power is unreliable in some smaller centres, particularly in the west.’\(^{52}\)

3.57 Stawell and Horsham are connected to natural gas, however the gas supply finishes at Horsham.

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Telecommunications

3.58 The Wimmera Mallee region currently has incomplete broadband coverage. A 2006 study, quoted in the *Wimmera Southern Mallee Drought Report 2007 and* produced by the Wimmera Development Association, showed that ‘the Wimmera Southern Mallee region has higher levels of unmet demand for broadband than that for both non-metropolitan Victoria and metropolitan Victoria.’ The Report stated that West Wimmera has 30 per cent coverage, while Hindmarsh and Yarriambiack have over 60 per cent coverage.

3.59 Statistics in the study (in which the snapshot of the Wimmera Southern Mallee region was taken from information about the Victorian Government Department Regions [VGDRs], of Grampians and Loddon Mallee) showed that in Loddon Mallee:

7,393 of the region’s 21,513 businesses (including government) cannot access metro equivalent broadband, with an estimated 3,740 that would use the service if it were available to them. This gives a total unmet demand of 11,831 in the Loddon Mallee VGDR.

3.60 In the Grampians VGDR:

4,878 of the region’s 14,244 businesses (including government) cannot access metro equivalent broadband, with an estimated 2,477 of them that would use the service if it were available to them. This gives a total unmet demand of 7,378 in the Grampians VGDR.

3.61 These statistics support the assertion by witnesses at Public Hearings that increased telecommunications infrastructure, particularly in the area of broadband coverage, is needed to support existing businesses and attract potential investment to the region.

3.62 As Colin Kemp told the Committee:

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57 Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, *Public Hearing*, Warracknabeal, 16 February 2010; Mr John McConville, Past Chairman, Donald 2000; Cr Reid Mather, Chairperson, North West Municipalities Association, *Public Hearing*, Donald, 17 February 2010.
To become a world market we need to have broadband connectivity right through the whole region, not just selected areas.\textsuperscript{58}

3.63 The Loddon Mallee Report confirms the region has more mobile phone customers than any other telecommunication service: ‘84\% of the population in the Grampians VGDR and 83\% of the population in Loddon Mallee are mobile phone customers.’\textsuperscript{59}

\textbf{Transport}

3.64 Due to its location between Melbourne and Adelaide; Adelaide and Canberra; Adelaide and Sydney, the Wimmera Mallee region is well serviced by on-road transport. In Ouyen, the Mallee and Calder highways intersect and the Western Highway also runs through the region, running past the towns of Ararat, Stawell and Horsham.

3.65 Ms Jo Bourke, Chair of the Regional Development Australia Committee for the Grampians region and Project Liaison Officer with GWMWater, told the Committee about the benefits of having the Western Highway in the region:

\begin{quote}
Just by virtue of having that enhanced network in this region, it will give us stronger links to Ballarat as a regional growth centre and the provision of a lot of government services, for example, to this region. That is an absolute advantage.\textsuperscript{60}
\end{quote}

3.66 Rail transport provides freight transport to the Port of Melbourne and Port of Portland.

3.67 Kerang has an airport which provides services for both charter and private aircraft.\textsuperscript{51}

3.68 The convenience of location was noted by several witnesses\textsuperscript{62}, including Mr Reynolds who told the Committee how location assists his feedlot business:

\begin{quote}
Cattle supply is good, particularly to the south of us and although there is a freight component for bringing cattle out of the Western District or south-east South Australia, the major competitors for those cattle, being other feedlots, are in the Riverina. So we have a distinct freight advantage that the cattle have to drive past us to get
\end{quote}

\textsuperscript{58} Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.


\textsuperscript{60} Ms Jo Bourke, Chair, Regional Development Australia, Grampians region, and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.

\textsuperscript{61} The Mallee Region, see:

\textsuperscript{62} Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council, Public Hearing, Warracknabeal, 16 February 2010; Mr Stephen Reynolds, Manager, Charlton Feedlot; Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.
to our competitors, which means we will be able to pay less for the cattle or we can pay more and buy the specific cattle we want. So that works well.\textsuperscript{63}

3.69 The Committee heard from witnesses\textsuperscript{64} about the proposed freight hub at Dooen. Since the Public Hearings, it has been reported that the Dooen freight hub has now been fully financed with construction expected to commence in early 2011.\textsuperscript{65}

**Regional Associations and Organisations**

3.70 Government departments such as the Department of Primary Industries and agencies such as Regional Development Victoria support rural communities in Victoria through direct initiatives and through supporting regional associations and organisations.

3.71 The Department of Primary Industries has been active in looking to identify economic development opportunities in the region, by producing a series of fact sheets to facilitate investment. Mr Brian Kearns, Senior Regional Agribusiness Development Officer at the Department of Primary Industries, told the Committee:

> We started work on opportunities from the Wimmera Mallee Pipeline before we were funded by Regional Development Victoria under the Provincial Victoria campaign to actually look at those opportunities and help develop them.\textsuperscript{66}

He added:

> Along with those pieces of material, we also engaged with WIDCORP, which you heard from before, in helping us to understand where the farmers were at and how we could assist them in developing some new enterprises.\textsuperscript{67}

3.72 Mr Kearns’ statement highlights the interdependence of different organisations in the Wimmera Mallee that has come about through sharing skills, information and resources.

3.73 The importance of the work performed by regional organisations became apparent throughout the Public Hearings. Witnesses\textsuperscript{68} described the

\textsuperscript{63} Mr Stephen Reynolds, Manager, Charlton Feedlot, *Public Hearing*, Donald, 17 February 2010.

\textsuperscript{64} Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, *Public Hearing*, Warracknabeal, 16 February 2010.


\textsuperscript{66} Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, *Public Hearing*, Warracknabeal, 16 February 2010.

\textsuperscript{67} Ibid.

\textsuperscript{68} Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group; Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Ms Jo Bourke, Chair, Regional
essential role local organisations play in facilitating economic development, education and coordination of projects and resources in the region and called for continued support for them.

3.74 Mr Colin Kemp, from the Wimmera Development Association, told the Committee:

We would definitely like to see the funding retained, if not increased, to the Department of Primary Industries, Birchip Cropping Group and other organisations like WIDCORP for research and development partnerships, investment assistance and further research done into the change in land use and labour attraction and training programs.69

3.75 Dr Pamela McRae-Williams spoke about the role of the Water in Drylands Collaborative Research Program (WIDCORP), an organisation that was specifically set up around the Wimmera Mallee Pipeline:

WIDCORP was set up as a collaboration between the University of Ballarat and a number of agencies in the region to specifically look at the implications of the Wimmera Mallee Pipeline on the region’s economic, social and environmental sustainability. That was the purpose of the program. I took over the program almost four years ago now and since that time we have done a series of research projects. A lot of them have been done in collaboration with DPI and the vast majority have been looking at how farmers are responding to the Wimmera Mallee Pipeline and its initial roll out and now we are starting to gather data about how they are actually managing with a piped water supply.70

3.76 Mr Tony Bawden, General Manager, Corporate Services and Economic Development, and Mr Kerryn Shade, Chief Executive Officer, Horsham Rural City Council spoke to the Committee about the way in which organisations worked together and contributed to development of the region:

The presence of the agricultural research and development organisations like the Grains Innovation Park and the operations of DPI and the Birchip Cropping Group should be encouraged. They have done a raft of good work and that should be seen to continue.

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Development Australia, Grampians region, and Project Liaison Officer, GWMWater; Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, Public Hearing, Warracknabeal, 16 February 2010.

69 Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.

70 Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, Public Hearing, Warracknabeal, 16 February 2010.
Likewise, the success of the Provincial Victoria campaign we would like to see continued and bolstered.71

3.77 A number of these organisations were represented by witnesses at the Public Hearings and entered Submissions, including WIDCORP, Wimmera Development Association and Birchip Cropping Group.

3.78 The Committee also heard from GWMWater and the Wimmera Catchment Management Authority as well as academics from the University of Ballarat.

3.79 Also represented at the Hearings were a number of committees and associations such as the North West Municipalities Association who represent different interests in the region.

3.80 Many of these organisations are supported by government departments through funding or in-kind support, as Ms Gartmann told the Committee:

Most of our grants come from the Research Development Corporations such as GRDC and the Federal Department of Agriculture, Forestry and Fisheries. Very few direct grants are available through DPI in Victoria; there is a lot of in-kind support but it is really only the drought response grants that we have been able to access from the State Government.72

3.81 As Ms Gartmann from the Birchip Cropping Group emphasised, organisations in the region and outside of it need to work together to ensure good solutions to challenges facing the region:

We work with national and state organisations such as the CSIRO, state agencies, universities, private consultants and other farmer groups. We will work with anyone who has skills and expertise that we can pull into the area because we recognise that not all of the skills required to address the current challenges for agriculture and rural communities are found in the Wimmera Mallee. We undertake all of our 40-odd projects with collaborative partnerships.73

3.82 Significant factors for the development of the region that were recognised by many witnesses, as is illustrated above, include the need for government to support organisations who work together locally and who engage in the regions economic development challenges across the broader spectrum of concerns.

3.83 Research conducted locally brings a number of benefits to the region:

- it builds up the research capacity, skills and knowledge in the region;

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71 Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Kerryn Shade, Chief Executive Officer, Horsham Rural City Council, Public Hearing, Warracknabeal, 16 February 2010.
72 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
73 Ibid.
- local researchers remain available to solve further problems (as opposed to externally based consultants); and
- local knowledge means the research has greater contextual value.

3.84 The most important strength of the Wimmera Mallee is its human capital. The Rural and Regional Committee’s Hearings in the region confirmed this. This strength can be seen in the leadership in the region and the commitment across all organisations involved to developing a region that is economically, environmentally and socially sustainable, now that a secure supply of water is available for liveability, for enterprise and for growth.
Chapter Four

The Wimmera Mallee Pipeline

4.1 Completion of the Wimmera Mallee Pipeline project in the Wimmera Mallee region in north western Victoria was officially announced on 15 April 2010, by the Hon John Brumby, Premier of Victoria.

4.2 The new Pipeline system replaced 17,500 kilometres of open, earthen channels with a piped water distribution system of about 8,800 kilometres. The Pipeline is designed to pipe water to about two million hectares and 36 towns throughout the Wimmera Mallee\(^1\) providing a long-term solution to the Wimmera Mallee’s water needs.

4.3 This new piped system is estimated to save approximately 103 billion litres of water a year that was previously lost through evaporation and seepage.\(^2\) These water savings will be allocated to farms, to provide townships with water for both domestic and industrial use, to the region’s river systems and into recreational lakes and dams.

4.4 The project, originally scheduled to take 10 years to build, was accelerated because of the worsening drought in the region and was completed six years ahead of the original scheduled completion date.

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4.5 The pipeline recently won the Victorian Engineering Excellence Award 2009 for projects over $20 million, awarded by the professional body, Engineers Australia.3

4.6 The map below shows the layout of pipes and the areas that benefit from the Pipeline.4

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Background to the Wimmera Mallee Pipeline Project

Why the Pipeline was Needed

4.7 Like much of rural Victoria, the Wimmera Mallee region has been affected by drought; 13 years at the time of writing. Before the Pipeline, water had been supplied by an open channel system which, particularly in a time of drought, was considered inefficient due to massive amounts of seepage and evaporation. The Victorian Government Our Water Our Future website states that ‘Of up to 120 billion litres of water released from storages in the Grampians each year, only 17 billion litres of water reached customers on farms and in towns.’

4.8 During the ongoing drought, residents of the Wimmera Mallee were carting water and towns in the region were in danger of evacuation.

4.9 Mr Jeff Rigby, Managing Director of GWMWater, put in perspective the situation that the region was in. He told the Committee:

The principal driver in the early phases was certainly to restore supply to the community. I think that during the course of building the Pipeline, we reached the lowest storage level on record with the Grampians headworks at 3.3 per cent in May last year (2009). So effectively, we have been operating with an extremely scarce supply of water available over that period.

4.10 After 10 years of lobbying by farmers, Local, State and Federal politicians along with interest groups, on 24 June 2005, the Wimmera Mallee Pipeline project was launched - to much acclaim - on the banks of the Wimmera River in Horsham by both State and Federal Members of Parliament.

4.11 The project was part of the Victorian Government’s Our Water Our Future initiative and the Federal Government’s Water Smart Australia program and aimed to:

- provide a greater security of supply of high quality water to the region;
- realise significant water savings as environmental water for stressed rivers; and
- provide economic growth opportunities for the region.

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6 Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
Pipeline Facts

4.12 The Wimmera Mallee Pipeline provides water supply to the municipalities of Horsham, Yarriambiack, Hindmarsh, Buloke, West Wimmera and Northern Grampians.

4.13 Water is being piped through seven supply systems which are:

- Supply System 1. Yaapeet
- Supply System 2. Woomelang
- Supply System 3. Birchip
- Supply System 4. Wycheproof
- Supply System 5. Culgoa
- Supply System 6. Natimuk
- Supply System 7. Lake Bellfield to Taylors Lake

4.14 As each supply system was completed it was turned on, providing immediate drought relief to these local communities.

4.15 Maps outlining each Supply System can be found at 4.6.9

Cost of the Project

4.16 The Wimmera Mallee Pipeline project cost $688 million and was jointly funded by the Federal Government, the Victorian Government and the GWMWater Corporation. The Victorian Government contributed $266 million.10 GWMWater’s contribution is generated from the annual tariff, which was changed from dam fees to a metered volumetric tariff.11

4.17 During the Committee’s Public Hearing in Warracknabeal, Mr Jeff Rigby, Managing Director of GWMWater, explained the costs of the pipeline to the Committee.

4.18 The original project cost for the Wimmera Mallee Pipeline project was estimated at $501 million. That was $419 million for the system GWMWater is building and an amount of $82 million as an investment by farmers and a contribution to the project to effectively reticulate their farms.12

4.19 Mr Rigby said:

... so the total cost of that investment was taken into account because you cannot achieve the full savings without that full level of investment. It was $501 and the proposition in the business case

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9 Maps can also be downloaded from the GWMWater website at: <http://pipingit.com.au/progress_map.html>.


12 Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
was that was divided by three. It was $167 million from the Commonwealth, a like amount from the State and the region’s contribution was $82 million for on-farm works and $85 million as funding for the project provided by GWMWater and recovered by the water price, but effectively when you add it all up, you get $501 million divided by three; shared equally.\textsuperscript{13}

...The $419 million was then reset, prior to the commencement of the project, to $440 million. The contribution from GWMWater and the region increased from $85 million to $106 million. So $419 million becomes $440 million.\textsuperscript{14}

4.20 The original cost of the project increased once works were put out to competitive tender and a market rate was established. A review of the project was conducted and a new cost established. The cost of the system being built by GWMWater was reset at that time – the $440 million became $688 million therefore an additional amount of funding of $248 million was required.

4.21 Mr Rigby further explains costs:

You should now compare the $440 million against the $688 million; the difference is $248 million. The State has agreed to, and has already contributed, $99 million of that. We have received matching funding from the Commonwealth at $99 million and there is a provision for a further $25 million from the Commonwealth if required, which brings its total funding component up to $124 million and that leaves an extra $25 million for the region; so the region’s contribution has ultimately gone from $106 million to $131 million.\textsuperscript{15}

4.22 The Federal funding commitment is on the basis of provision of matched funding by the State Government. Both State and Federal Governments have provided funding of $266 million each. The $25 million ‘extra funding’ from the Commonwealth has not yet been provided. Mr Rigby goes on to say that ‘We have drawn down all the funding that has been provided to us by both governments to date and we are now currently in the process of acquiring debt to fund the tail end of the project’.\textsuperscript{16} This refers to other work in the region relating to the Pipeline project. Mr Rigby explains that an answer from the Federal Government about the further ‘if needed’ $25 million funding will be forthcoming once the final cost of the project can be confirmed. In fact he explains that GWMWater ‘are expecting to better the budget’.\textsuperscript{17}

4.23 Once business costs are resolved then a final cost for the project can be confirmed. It is expected, as the Managing Director of GWMWater states above, that the Pipeline project will be built at least within the budget and is

\textsuperscript{13} Ibid.
\textsuperscript{14} Ibid.
\textsuperscript{15} Ibid.
\textsuperscript{16} Ibid.
\textsuperscript{17} Ibid.
likely to better the budget. The relationship between the price of water itself and the cost of the Pipeline is partly based on the level of funding that GWMWater ultimately provides for the project. If, as predicted, the project is within budget, then the assumptions that current pricing (approved by the Essential Services Commission) is based on will remain. However, the way that associated costs are resolved will be critical to GWMWater setting prices competitively in the future.

Where Does the Water Come From?

4.24 The main source of water for the Pipeline is the Bellfield Reservoir near Halls Gap in the Grampians with supplemental water coming from Taylors Lake. Wartook and Moora reservoirs will also be used to supply an area near Natimuk and Clear Lake and the Berriwillock-Culgoa area will be supplied by the River Murray.

Pipeline Logistics

Project Management

4.25 Project management of the Pipeline was overseen by a number of bodies:

- Project Council – monitored the use of Government funds;
- Project Control Group – was responsible for delivering the project; and
- Pipeline Community Reference Group - represented the regional community and informed GWMWater ‘on community views and expectations regarding outcomes to be delivered by the project.’

4.26 For more information on the corporate governance structure for the project see Appendix Four.

4.27 A number of witnesses to the Committee during its Public Hearings for this Inquiry represented these groups. GWMWater continues to seek advice from community representatives through reference groups on this and other projects.

Pipeline Construction

4.28 Mitchell Water, a Victorian company and Australia’s largest pipeline contractor, was awarded the contracts to build all supply systems except

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19 Ibid.
Supply System 5, which was built by Nacap Australia Pty Ltd, an international pipeline construction company.

4.29 The following shows what Mitchell Water listed as the scope of works for the design and construction for each system:

Supply Systems 1 & 7
Constructed 2007/8
- approximately 1,400km of MSCL (Mild Steel Cement Lined) and PVC (Polyvinyl Chloride) pipelines ranging from 1,016mm to 50mm
- 9 pump stations
- 8 water storage tanks
- 4 earthen storages.\(^20\)

Supply System 2
Constructed 2007/8
- approximately 4,840km of PVC pipelines ranging from 450mm to 50mm
- 6 pump stations
- 10 water storage tanks
- 2 earthen storages.\(^21\)

Supply Systems 3 & 4
Constructed 2008/9
- approximately 3,200km of pipelines ranging from 711mm to 50mm
- 9 pump stations
- 10 water storage tanks
- 4 earthen storages.\(^22\)

Supply System 5
Constructed 2007/8
- approximately 832km of pipelines ranging from 375mm to 50 mm
- 5 pump stations
- 1 filtration station
- 2 earthen storages
- 1 tank storage.\(^23\)

Supply System 6
Constructed 2009
- approximately 840km of pipelines ranging from 375mm to 50mm
- 2 pump stations

\(^{21}\) Ibid.
\(^{22}\) Ibid.
\(^{23}\) Max Burns, Manager Pipeline Project Planning, GWMWater, Personal Communication, 31 May 2010.
• 2 water storage tanks
• 2 earthen storages.  

Piping to Farms

4.30 Farmers have contributed to the cost of the Pipeline by implementing their own on-farm reticulation systems (pipes and water storage infrastructure). Farmers eligible to receive rebates from the State Government’s drought assistance funding were able to pay for this on-farm work with those grants. Rebates of up to $3,000 of this work were available as part of drought assistance.  

4.31 Farmers have been guided through the process of piping their own properties through Department of Primary Industries-sponsored workshops, Government booklets, websites and GWMWater guides such as the On-Farm Water Reticulation Guide. Farmers have been guided through water allocation, how much water will be needed, size of pipes, other equipment needed and technical questions on fitting reticulation equipment. The GWMWater website also has what it describes as: ‘a distance measuring tool that can help you decide the best location for tanks and where to run your pipes.’  

4.32 A condition of connection to the Pipeline is that water is supplied directly into tanks, equivalent to three day’s supply.  

4.33 The standard water allocation for farmers is 2,500 L/ha p.a. and 730,000 L/house p.a.  

4.34 The price for water from the Pipeline is set by the independent Essential Services Commission. Further information can be found in the GWMWater fact sheet.  

4.35 At the Committee’s Hearings farmers expressed fears about the price of water rising regularly. The rising costs of new water were addressed by the Commission who determined that ‘the annual increase in each customer’s  

26 Victorian Government, Piping Your Farm, Department of Primary Industries, Melbourne, 2009.  
28 Victorian Government, Piping Your Farm, Department of Primary Industries, Melbourne, 2009.  
bill will be capped to ensure that no bill increases by more than 50 per cent in a year, adjusted for the volume of water used.\textsuperscript{30}

4.36 A discussion of issues surrounding pricing can be found in Chapter 2 at paragraph 2.55.

4.37 In March 2010, GWMWater published its most recent pricing guideline 2010-2013 Tariff Structure and Pricing Proposal, Submission to the Essential Services Commission Applying the Hybrid Price Cap Model.\textsuperscript{31} This was submitted to the Essential Services Commission for approval. The Commission approved all parts of this tariff for 2010-2011 except those relating to the proposed water trading system, which has yet to be finalised.

4.38 Tariffs set for the 2010-2011 period are in the table below:\textsuperscript{32}

<table>
<thead>
<tr>
<th>Tariff Component</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Charge (per kl) – standard water allowance</td>
<td>$0.7254</td>
</tr>
<tr>
<td>Minimum Capacity Charge – 100kl minimum standard allowance</td>
<td>$72.53</td>
</tr>
<tr>
<td>First Step Usage Charge (per kl) – consumption within combined allowances</td>
<td>$0.8337</td>
</tr>
<tr>
<td>Second Step Usage Charge (per kl) – consumption over first step &amp; within 125%</td>
<td>$0.8337</td>
</tr>
<tr>
<td>Excess Usage Charge (per kl) – consumption over 125% of combined allowances</td>
<td>$0.8337</td>
</tr>
<tr>
<td>Primary Meter Charge\textsuperscript{33} (per Meter)</td>
<td>$254.56</td>
</tr>
<tr>
<td>Standard Meter Charge\textsuperscript{34} (per Meter)</td>
<td>$127.27</td>
</tr>
</tbody>
</table>

4.39 The Commission states in its approval document that it does not approve those tariff and price changes which relate to the introduction of water trading. However the Commission believes that, given that the trading regime is not expected to be in operation in 2010-2011, deferring a decision on this will not complicate GWMWater’s preparation for water trading.\textsuperscript{35}

\textsuperscript{31} Ibid.
\textsuperscript{33} This will apply for a meter that services a household and includes the additional 730 kilolitre household allowance.
\textsuperscript{34} This will apply for a meter that does not supply a household and does not include the 730 kilolitre household allowance.
4.40 The Commission’s Final Decision is below:

The Commission has approved the 2010-11 prices and tariffs application from GWMWater subject to the deferral of all parts of it related to the proposed water trading system.  

4.41 Channel decommissioning or ‘channel backfilling’ is the process of filling in the open channels previously used for the distribution of water and which, when filled, could provide valuable extra farming land.

4.42 Channels and structures in the Wimmera Mallee Pipeline region have been assessed by GWMWater in consultation with Councils, catchment management authorities, Government departments and landowners. GWMWater has categorised the channels and structures into those that can be decommissioned once a permit has been obtained; those that require further assessment; and those that must not be decommissioned.

4.43 The process of decommissioning these channels is to be undertaken and paid for by farmers with the guidance of GWMWater.  

The cost of decommissioning is dependent on a number of factors such as channel size, soil type, equipment required and so on. Decommissioning is to take into consideration the following potential impacts:

- significant ecological values (native vegetation, protected plant and animal species);
- local drainage or flooding;
- erosion control provided by the channel;
- supply to recreational lakes or environmental water;
- water to supplement natural catchment dams; and
- cultural heritage values.

4.44 Where there are large channels and structures to be decommissioned, GWMWater will ‘undertake partial reinstatement of large channels to a standard where the landowner can safely complete the reinstatement.’

4.45 GWMWater has formed a Channel Decommissioning Reference Group to represent stakeholder and community views in three of the Pipeline supply systems. The group will provide advice to GWMWater regarding:

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36 Ibid.
gathering of local knowledge particularly in relation to flooding and drainage to understand the implications of channel decommissioning activities;
• identifying and providing advice on future ownership and management responsibilities for retained channels and channel assets; and
• ensuring that affected landowners and the broader community are informed of the progress and outcomes of the channel decommissioning project.  

The Pipeline and the Environment

4.46 A Wimmera Mallee Pipeline environmental management plan was developed by a number of agencies including GWMWater, Councils, catchment management authorities, the Department of Sustainability and Environment and Parks Victoria.

4.47 The plan defines how to manage environmental issues arising during the construction phase of the pipeline project, based on legislative requirements and community expectations. The plan looks at such issues as soil erosion and sediment, water and air quality, noise controls, cultural heritage (Indigenous and European), chemical and fuel management and waste traffic. More site-specific plans taking into account local issues were developed by contractors for particular sites.

Indigenous Cultural Heritage

4.48 A Cultural Heritage Management Plan was also developed and is based on archeological surveys and assessment work for sites across the different supply systems.

4.49 Barengi Gadjin Land Council Aboriginal Corporation and GWMWater signed a cultural heritage agreement to recognise the partnership between project construction and cultural heritage. As part of the agreement, the Aboriginal Corporation monitored works at sites in the Wotjobaluk native title area. Other native title areas were monitored by traditional owners of those sites.

4.50 In July 2008 works were suspended in supply systems 3 and 4 following an apparent breach of the Aboriginal Heritage Act. The Cultural Heritage

43 Ibid.
Management Plan was consulted and guidelines from the plan were implemented. Within two weeks, work on the pipeline resumed.\textsuperscript{44}

**Pipeline Timeline**

4.51 The timeline below gives an outline of the official milestones during the development and construction of the Wimmera Mallee Pipeline project. This timeline is based partly on the timeline provided by GWMWater’s Piping It group.\textsuperscript{45}

30 June 2000 The Federal Government commits $110,000 toward a feasibility study into piping the Wimmera Mallee channel system. The State Government has matched the Federal contribution for the study, which will cover 1.5 million hectares and 6,000 kilometres of existing open channels.

14 February 2001 Feasibility study into a piped water system for Wimmera and Southern Mallee completed. The former Wimmera Mallee water authority commissioned the study. Consultants estimate piping the rest of the Wimmera Mallee domestic and stock water supply system could save 85,000 megalitres in water lost through seepage.

14 September 2001 Wimmera Mallee ‘Pipe It’ campaign is launched in Melbourne.

10 May 2002 Detailed planning of piping of the Wimmera Mallee will go ahead after the Federal budget commits $3.5 million to allow planners to design the pipe network. There is provision for the planning stage to include detailed community consultations.

22 May 2002 Grampians Water Chief Executive Peter McManamon applauds the State Government for its $77 million contribution to the pipeline project but warns that water pricing in the region needs to be addressed.

17 June 2002 State Government Minister for Environment and Conservation, the Hon Sherryl Garbutt announces that a community-based steering committee will play a key role in managing the Wimmera Mallee Pipeline project.

June/July 2003 Eleven workshops were held throughout the region over two weeks seeking views on pipeline system design these are attended by more than 900 people.

October 2003 Another 12 meetings present details of the pipeline system and seek views from 550 people.

24 June 2005 State and Federal Governments jointly launch the Wimmera Mallee Pipeline project on the banks of the Wimmera River in Horsham after agreeing on funding arrangements as part of the National Water Initiative.


\textsuperscript{45} Ibid.
5 August 2005 Member for Mallee John Forrest challenges the State Government to help build the Wimmera Mallee Pipeline in half its scheduled time. He said the project was too urgent to wait 10 years for water for communities desperate for a piped supply.

11 November 2005 First pipes for the Wimmera Mallee Pipeline project laid at Halls Gap. To fit in with the timing of other major project work at Halls Gap, GWMWater installed almost 300m of trunk pipeline at Delleys Bridge and Brambuk Cultural Centre car park.

31 May 2006 GWMWater calls for tenders for stage one of the Wimmera Mallee Pipeline project.

20 November 2006 Drilling under Longerenong Road, adjacent to the proposed Longerenong Pump Station, was the first construction activity under the contract for Supply System 1.

27 November 2006 Trenching and laying of 450mm PVC pipes commence at Dooen.

24 December 2006 60km of pipeline laid, including 450mm trunk and 100, 80 and 50mm distribution pipeline.

23 August 2007 ‘Farming with Pipes’ expo held at Longerenong, trade displays, demonstrations and workshops to assist landowners with on-farm reticulation system design and implementation.

23 August 2007 Launch of the online farm mapping, providing one-metre contour data and aerial photography to assist landowners with on-farm reticulation.46

12 October 2007 Victorian Minister for Water the Hon Tim Holding and Federal Member for Mallee John Forrest turn on the trunk main at Rainbow. Water is sourced from Taylors Lake and pumped by the Longerenong Pump Station.

2 June 2008 Call for information from landowners to inform channel decommissioning planning. GWMWater calls for landowners not to fill in channels without permission.

21 September 2009 Water flows into Lake Lascelles at Hopetoun, as part of the recreation water allocation from Wimmera Mallee Pipeline water savings.

15 April 2010 The Pipeline is officially opened by the Hon John Brumby, Premier of Victoria.

The Northern Mallee Pipeline Project

4.52 The Northern Mallee Pipeline project is briefly discussed in this Chapter. The experience of developing, implementing, maintaining and using the Northern Mallee Pipeline system provides a useful point of comparison with the Wimmera Mallee Pipeline system. Ten years further down the track compared to the Wimmera Mallee Pipeline, observation of the Northern Mallee system may provide lessons for the Wimmera Mallee.

4.53 During the Committee’s Hearing in Mildura the Director of Business Development at the Sunraysia Institute of TAFE and a long-term resident and farmer in the region summed up the general feeling towards the Northern Mallee Pipeline. This statement, by Ms Jennifer Grigg, is reproduced here because the sentiments could equally apply to the Wimmera Mallee Pipeline project:

I do not believe there would be many people left in the northern Mallee if that Pipeline had not come into play, given the last few years. It changed people’s lives. I know from our experience, we were continually checking troughs and channels and it was a huge job. Once the pipeline was installed, it cut the workload down incredibly.

It is a very efficient system. I do not believe there are any major breakdowns. Certainly, there were issues because we lost our dams and we were not able to go yabbying. There is a long list of those sorts of issues. I do not discount them, they were significant. The excess capacity was seen perhaps as a way of overcoming some of those issues but it really was life changing. It changed the landscape. It freed up the land that was crisscrossed by channel systems so that you had easier access to your farming land. It certainly generated productivity just by that alone.

A lot of people, before that pipeline came in, were almost down to the last drop. I know households that were actually bucketing water to flush toilets; they had literally run out of water. It was very timely; it was very exciting when you actually tapped in.47

4.54 The Northern Mallee Pipeline project began in 1992 with construction of a pipeline system in far north western Victoria. The Pipeline began by providing water to 650,000 hectares from Swan Hill to Sea Lake, to Ouyen, Underbool and Manangatang. More recently in 2002, this system was extended to include Patchewollock and Speed then to the Cannie Ridge area north of Quambatook, bringing the total piped area to 820,500 hectares. Water for the Pipeline is drawn from the River Murray.48

4.55 The Pipeline was initiated in the early 1990’s by the Rural Water Commission in response to concern about water wastage in the old channel system by

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47 Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE; Mr Dean Munro, grain farmer, Public Hearing, Mildura, 02 March 2010.
seepage and evaporation. The aim of the project was ‘to replace channel delivery of water from the Grampians storages to a piped system sourced from the Murray River.’

4.56 The project was completed in seven stages between 1992 and 2002 and serviced 1,700 farms and 12 towns. It was funded by Federal and State Governments and landowners in the region.

4.57 Based on the experience of the Northern Mallee Pipeline and feedback from the community, a number of issues that are equally relevant to the Wimmera Mallee Pipeline experience must be taken into account by policy makers when planning for the future of the region. These include:

- water for farming;
- environmental water;
- social water; and
- cost of water.

4.58 These issues are considered in more detail in Chapter 5.

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4.59 Map of the Northern Mallee Pipeline project.\footnote{Map supplied by Ms Helen Friend, Manager, Communications, GWMWater, July 2010.}
Conclusion

4.60 The opening of the Wimmera Mallee Pipeline in April generated good news stories throughout the media, in particular The Wimmera Mail-Times, which published a 16 page souvenir edition colour supplement (sponsored by GWMWater) celebrating the Pipeline’s completion. The supplement contained stories about farmers relieved not to waste valuable farming time carting water; a manufacturer pleased at improved food processing capability due to increased water quality and the security of supply; and residents now able to water gardens.

4.61 At the Public Hearings for this Inquiry, similar stories were heard from farmers, local councilors, representatives from regional organisations and industry. The overall impression gained by the Committee is that, since the advent of the Pipeline, the region has experienced renewed buoyancy and hope. This was a clear contrast to the despair caused by the prolonged drought marked by a dwindling population and livestock numbers, failing businesses and the slow disappearance of water-based recreational and social activities.

4.62 This Chapter gives an overview of the Wimmera Mallee Pipeline project’s ups and downs, the intense lobbying that enabled it to come to fruition and the sheer number of people and organisations involved with the Pipeline’s planning, design, financing and construction. Not mentioned here, but referred to in later Chapters, are the organisations such as Water In Drylands Collaborative Research Program (WIDCORP), the Wimmera Development Association and the Birchip Cropping Group, who carried out the valuable research and education needed to plan the project and support farming communities in a time of change. Many of these worked with funding from, or in conjunction with, the Department of Primary Industries and the Department of Sustainability and Environment.

4.63 Jobs created by the Pipeline gave the region an initial boost before the Pipeline was turned on with hundreds of jobs created and the lead contractor relocating their operations to Horsham.\(^{51}\) In addition, the Minister for Regional and Rural Development, the Hon Jacinta Allan MP, advised that local businesses, matched to work opportunities through the Industry Capability Network, secured $100 million worth of work in the 2008-9 financial year.\(^{52}\)

4.64 The Committee believes the project management of the pipeline must be commended, given that the project was completed six years ahead of schedule, despite its size and logistical complexity. Some supply systems were completed even earlier than this, giving local communities invaluable support by responding quickly to the needs of particularly drought-stricken towns.

\(^{51}\) Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.

\(^{52}\) Victorian Government, Ready for Tomorrow, A Blueprint for Rural and Regional Victoria, Regional Development Victoria, Melbourne, 2010.
4.65 Today, the residents of the Wimmera Mallee have access to secure, good quality water and can look ahead, plan for the future and build a prosperous region.
Chapter Five

The Future of the Wimmera Mallee Region

Introduction

5.1 Since the referral of this reference in November 2009, comprehensive written documentation about the Wimmera Mallee Pipeline project has been produced by Government Departments, GWMWater and the Wimmera Development Association and is available for assessment. Given the availability of these resources, the Committee took the view that the most beneficial Inquiry would be based on gaining an understanding from local people about their experiences and their expectations of the Pipeline project.

5.2 The Committee invited members of the public to contribute to the Inquiry through providing written Submissions and through Public Hearings which were held in Warracknabeal and Donald. A further Hearing took place in Mildura with a view to gathering comparative information and learning about the Northern Mallee Pipeline. These Hearings and Submissions raised a number of matters of concern, the most prevalent of which are discussed in this Chapter.

5.3 Developing policy that will contribute to the growth and future development of any region requires responses across different policy areas. What becomes apparent when discussing the issues raised by local people concerning development of the Wimmera Mallee region - farmers, academics, economic development bodies, local authorities, government representatives and so on
- is that they cannot be considered in isolation. Many of the concerns heard by the Committee were dependent upon or linked to a number of policy areas. For example, recreational water and housing have an effect on labour supply by providing the region with greater liveability; finance affects livestock numbers by ensuring farmers have the ability to restock; regional organisations provide the training and skills development that is needed to supply labour for new or expanding enterprises.

5.4 This Chapter examines issues raised in the Wimmera Mallee region that concern both the liveability of the region and the long-term viability of agricultural businesses and industries that are based there. These include the cost of water; access to surface water; firefighting water; the standard and cost of housing; telecommunications coverage and infrastructure in the region. The amenity or perceived amenity of the region affects population maintenance and this in turn directly affects labour supply which is a crucial factor in attracting investment to the region.

**Cost of Water**

5.5 Apprehension in the community about the cost of water was the most prevalent issue raised with the Committee at Public Hearings in the Wimmera Mallee region. It is evident that the current protracted process of establishing fixed water prices and rules for water trading is affecting the ability of water customers in the region to plan securely for the future. Not knowing what the cost of water will be in the long term is also a factor inhibiting diversification and expansion of current businesses.

5.6 The cost of water is also linked to establishment of rules and regulations that will govern any water trading scheme for the region. Water trading will enable water customers to raise revenue through sales of water allowances and to benefit from the opportunities that emerge through the purchase of water for their farming and business practices.

5.7 The water trading model for the region is currently being developed by GWMWater and the Essential Services Commission. They will most likely develop a model based on others used in regional Victoria. It is noted however that the Wimmera Mallee system differs to others in Victoria in that it is a fairly isolated, closed system (where water will be traded to other customers within the system). The system of tradable allowances recommended by the Draft Western Region Sustainable Water Strategy does not allow for trade ‘into or out of the district because the formal ownership of the water remains with the water corporation.’\(^1\) The model will probably aim to provide flexibility for water users and provide the capacity for users to

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1 Victorian Government, Draft Western Region Sustainable Water Strategy, Department of Sustainability and Environment, March 2010, p. 238.
reduce their water bill rather than suggest the establishment of a fixed charge bill. However, the system that is agreed on and that is established for the region has the potential to affect the pricing of water.

5.8 Since the Committee’s Hearings a decision has been made by the Essential Services Commission to delay approval for a long-term pricing structure for water in the Wimmera Mallee region. This decision, to approve a price for the 2010-2011 only period, is predicated on the establishment of a water trading system. This is discussed further at paragraph 5.7 above.

**Recommendation 1**

That, as a matter of urgency, the State Government:

a. encourage the Essential Services Commission and GWMWater to come to a final agreement about long-term water pricing for the region (and educate water users in the Wimmera Mallee region about guidelines); and

b. ensure the urgent publication of the *Western Region Sustainable Water Strategy* and implementation of a firm delivery, trading and long-term pricing policy.

5.9 Feedback from witnesses in the Northern Mallee Pipeline region confirmed that concerns about water pricing are ongoing, with fears about rising prices of particular concern to farmers and industry.

5.10 A majority of witnesses at the Committee’s Public Hearings expressed concern about the cost of Pipeline water. Much of this arises from lack of long-term resolution of pricing structures but is also a result of confusion about the eventual cost of Pipeline water and the potential for GWMWater to raise the price of water in the future.

5.11 Concerns about water pricing were based on a number of factors that revolved around farmers and other users gaining knowledge and establishing efficient practices in the context of new and unfamiliar water infrastructure. Dr McRae-Williams, then-Research Director of Water in Drylands Collaborative Research Program (WIDCORP) based at the University of Ballarat in Horsham and Member of the Centre for Regional Innovation and Competitiveness, spoke about water pricing concerns based on research

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conducted by WIDCORP. She told the Committee that an inability to predict the amount of water that they would use under the new system, therefore the final cost, was worrying farmers:

There is still uncertainty about the cost - what the water is actually going to cost. They are only just starting to get bills now. Once upon a time, they used to have a dam full of water and they knew how much it cost and it was that amount of water. They are still uncertain about how much water they get and how much it costs.\(^3\)

5.12 Cr Reid Mather from Buloke Shire Council and Chairperson of the North West Municipalities Association\(^4\), expressed his view that ‘the shortfall in Pipeline funding’ will mean GWMWater will have to raise water prices. Cr McLean, also from Buloke Shire Council, spoke about Pipeline users’ concerns about ‘what they might have to write the cheque out for’\(^5\), which Mr John McConville, past Chairman, Donald 2000, echoed, stating:

We are at the mercy of whoever owns the Pipeline or the water.\(^6\)

5.13 GWMWater established a price cap of 50 per cent on the increase in water charges, designed to allay fears about rising water prices. However, the Committee heard evidence this has not been effective, as evidence from Cr Flett from Buloke Shire Council shows:

I have heard a few concerns about the cap of a 50 per cent rise on the increase in our water charges. People look at their old bills and say, ‘And 50 per cent per annum on top of that could soon blow out to be very expensive water’. There is definitely concern around about the costs. While we realise that everything has to be paid for, we have said ‘equitable and affordable’; if it is not, there will not be the increase in intensive industries and the increase in population, because if it cannot be affordable, it cannot be afforded.\(^7\)

5.14 Cr Flett’s evidence also highlights the link between water costs and economic growth in the region. A number of witnesses addressed the issue of water cost from the point of view of the adverse effect it could have on the ability of local industry to ensure they can be competitive in the marketplace.

5.15 In his evidence to the Committee, Mr Stephen Reynolds, Manager of Charlton Feedlot, expressed his concerns. He provided testimony to the Committee

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\(^3\) Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, *Public Hearing*, Warracknabeal, 16 February 2010.


\(^5\) Ibid.


about his fears of losing his business’ competitive edge if water costs are established at the level he is anticipating:

We do not know what that actual cost will be; it will be somewhere around $1,000 per megalitre and that is the highest price anyone in the feedlot industry in Australia will pay for water.8

5.16 Cr Mather, Chairperson of the North West Municipalities Association, reflected the widely held belief that the cost of water is a major factor in the ability of businesspeople in the region developing business saying, ‘The cost of water will be the driver as to how much innovation is taken up.’9

5.17 Cr McLean added his concerns about the possibility that high water costs will make the region uncompetitive and in turn limit investment from outside the region:

The cost of water for intensive farming, for example, is going to be around about $1,300 a megalitre. When you compare that to say, Goulburn Murray, it is $307, so there is some inequity there.10

Tariffs are available at the GWMWater website.11 Tariffs vary depending on usage.

Recommendation 2

That the State Government ensures that its policies do not have a negative financial impact on water pricing in the Wimmera Mallee region and that:

a. prices remain affordable for water customers;

b. pricing policy is transparent to customers, and that information is readily available; and

c. tariff rates and price information is calculated and fixed on a long-term basis to give consumers and business security and surety.

5.18 In this evidence to the Committee at the Mildura hearing, Mr Dean Munro, grain farmer and Member of the Walpeup Lake Management Committee, illustrated how water costs have an impact on diversification opportunities for the Northern Mallee. He described how business can be rendered uncompetitive by high costs associated with water delivery and usage:

8 Mr Stephen Reynolds, Manager, Charlton Feedlot, Public Hearing, Warracknabeal, 16 February 2010.
9 Cr Reid Mather, Chairperson, North West Municipalities Association, Public Hearing, Donald, 17 February 2010.
There is the water cost itself. At the moment, the cost of water is 69.8 cents [per kl]. If you were to diversify and go into an intensive feedlotting situation, you would have to buy your water outright, which is the same as any other irrigator does now, at whatever the cost - $2,000 or $1,200; whatever the daily cost is for that particular water right, but instead of having a $40 or $50 or $60 delivery charge like they have in Sunraysia, we have got that $700 per megalitre discharge price, which is almost impossible to compete, apples for apples, with anyone else. That is a huge hurdle to get over.\(^\text{12}\)

5.19 Mr Sheahan, owner and manager of a lamb feedlot and intensive piggery in Nullawil, spoke about the struggle to remain competitive, particularly when the neighbouring Loddon Shire is charging less for water. He told the Committee:

We have got this beautiful piece of infrastructure of a Pipeline in and they are trying to put hurdles up like price and the volume. The price of it is a really big worry. They are going to charge between $800 and $1,400 a megalitre for water. It starts to put limitations on what you can do.\(^\text{13}\)

5.20 Testimony from a Public Hearing in Mildura provided a chance to hear about the experiences of those utilising the Northern Mallee Pipeline over its 10 years of operation and the lessons that have been learnt. Ms Jennifer Grigg, Director of Business Development at the Sunraysia Institute of TAFE, expressed her opinion that economic development in the Northern Mallee region is not solely based on water availability or cost. The majority of costs for farmers and entrepreneurs in developing their businesses are not the actual water price but the associated costs of infrastructure and development.

5.21 A WIDCORP evaluation of the Northern Mallee Pipeline region supports this view stating that ‘very few new agricultural enterprises have been developed’\(^\text{14}\) and saying there is little evidence of attracting new users, businesses and tourism to that region.\(^\text{15}\) This may be related to the need for investment in innovation and landowners, in many cases affected by years of drought, simply do not have the capital for such investment.\(^\text{16}\)

5.22 The equity of water pricing was raised as a concern.\(^\text{17}\) Mr Sheahan stated that:

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\(^{12}\) Mr Dean Munro, grain farmer; and Committee Member, Walpeup Lake Management Committee, *Public Hearing*, Mildura, 02 March 2010.

\(^{13}\) Mr Richard Sheahan, lamb feedlot and intensive piggery, Sheahan Farms, Nullawil, *Public Hearing*, Donald, 17 February 2010.


\(^{15}\) Ibid.

\(^{16}\) Professor Rob Wallis, former Pro Vice-Chancellor (Rural and Regional) and former Head of the School of Ecology & Environment, Deakin University, *Personal Communication*, 13 July 2010.

\(^{17}\) Buloke Shire Council, *Submission*, Number 2, 17 February 2010.
I have just heard that the mineral sand guys are getting a discounted rate. I do not know what it is. When you start getting favours being thrown out to the bigger companies and we are just battling along trying to employ a few locals, it just starts to annoy you a little.\(^{18}\)

5.23 Mr Mather, chairperson of the North West Municipalities Association, also addressed the issue of inequity in water pricing, suggesting aggregation of water costs:

You could aggregate the cost of water you deliver everybody, you could aggregate that cost and then distribute it across all the customers.\(^{19}\)

5.24 Mr Kearns, Senior Regional Agribusiness Development Officer at the Department of Primary Industries office in Horsham, felt confident that the guarantee of water security would stabilise water prices and eventually outweigh worries about cost:

The pork industry seems to think it prefers to focus on central Victoria due to water cost and land cost in the Wimmera but we feel that longer term it may need to look at this region because we have more secure water now.\(^{20}\)

5.25 Mr Munro gave the Committee a comparative overview of his water costs before and after the Northern Mallee Pipeline was installed:

To give you a bit of an overview of some of the costs involved on our farm, when it was channel filled in 1999, our water rates and water cost were about $9,080. That is what it cost us on our farm with a channel fill system on that, 6,500 acres. In 2003, when we had a fair few stock and only a little bit of cropping, under the Pipeline system at 56 cents a kilolitre, $560 a megalitre, the total cost with rates and water charges, the whole kit and caboodle, was $7,500, significantly cheaper which is pretty good for four years on - not many things get cheaper.

In 2009 - this is still on the same amount of acres; I have gone through and picked the individual blocks out so as not to muddy any figures up - it is now $690 a meg, the cost was nearly seventy cents a kilolitre. Now that we have got rid of the sheep the cost for our water has come back to $6,814 so it is significantly less again.


\(^{19}\) Cr Reid Mather, Chairperson, North West Municipalities Association, *Public Hearing*, Donald, 17 February 2010.

\(^{20}\) Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, *Public Hearing*, Warracknabeal, 16 February 2010.
Answering the question from an earlier witness, I would say the water component of our water rates and bills and stuff would be 10 to 15 per cent of the total cost.21

5.26 Mr Munro also spoke about price rises since the Northern Mallee Pipeline was installed despite reassurances to the contrary given at public meetings in the region. In that context, he expressed some scepticism about prices remaining the same in the Wimmera Mallee region. Mr Munro said:

I understand there is a cost in delivering that water through a pipe system as opposed to a channel system but this pipe system when it started was at 56 cents a kilolitre or $560 a megalitre and we were told, at a public meeting, that that price would only stay up that high for eight years until the system was paid for by us with those levies, and then it would drop. Of course you understand that things like that never happen. There have been plenty of price rises since.22

5.27 Since the Committee’s Public Hearings in the Wimmera Mallee region, the Essential Services Commission have approved an interim pricing agreement for 2010-11, pending the establishment of water trading rules. The Final Decision of the Essential Services Commission, for the financial year 2010-11 is:

The Commission has approved the 2010-11 prices and tariffs application from GWMWater subject to the deferral of all parts of it related to the proposed water trading system.

5.28 While this temporary tariff structure gives water customers some stability, a clearer, long-term pricing structure is needed to allay fears about the future of water costs in the region. The Committee recognises that anxiety about water prices is also linked to current changes in water use (since the opening of the Pipeline) and uncertainty as to how much water customers will be using under the new system.

5.29 A copy of these tariffs can be found in Chapter 4 at paragraph 4.38.

5.30 The Committee believes that a fixed water tariff, designed to be equitable and competitive with other regions across Victoria, is essential for business and industry to flourish in the Wimmera Mallee.

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21 Mr Dean Munro, grain farmer; and Committee Member, Walpeup Lake Management Committee, Public Hearing, Mildura, 02 March 2010.
22 Ibid.
Recommendation 3
That the State Government, in conjunction with the Federal Government, ensure that GWMWater are left with minimal debt in relation to the Wimmera Mallee Pipeline project, enabling GWMWater to provide water to customers at the most cost-effective price and ensuring that the region can maintain its competitive advantages.

Cost of Accessing Water

5.31 Farmers contributed to the cost of the Wimmera Mallee Pipeline by agreeing to reticulate their farms to the value of $82 million. This is an issue not just in terms of start-up costs that are required but also in terms of ongoing maintenance and depreciation.

5.32 Cr Mather from Buloke Shire Council expressed his concerns that the cost of on-farm reticulation, in addition to the price of water, would be hard for farmers to bear:

It is not just the price of the water; it is the price of the infrastructure that goes with it as well. It is not cheap and it does depreciate. It is as simple as that.

5.33 As Cr McLean from Buloke Shire Council stated:

The biggest challenge is getting them all hooked up and having the finance because it is a pretty tough time for people to reticulate around their farm.

5.34 The Submission from Ouyen Incorporated suggests that pipes in the township area may need to be upgraded, given that Pipeline ‘water pressure is too good for the old infrastructure’ in the town. The Submission from Ouyen also raised a question about where funding for costs such as roadworks in the event of a pipe being mended would come from.

Recommendation 4
That the State Government commit to upgrading pipes in areas where existing infrastructure is outdated and incapable of coping with the pressure of Pipeline water.

23 Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
24 Cr Reid Mather, Chairperson, North West Municipalities Association, Public Hearing, Donald, 17 February 2010.
5.35 During construction of the Wimmera Mallee Pipeline State Government programs that had been established to provide funding for drought relief were provided to support farmers building on-farm reticulation systems.

5.36 Given the ongoing nature of the drought, the Committee believes that the Government should continue drought relief grants and that they be utilised in the region to aid with on-farm reticulation. The Government should ensure that the farming community is aware of the availability of this funding for building reticulation systems.

Recommendation 5

That the State Government, in consultation with a local independent farmer’s group and other peak organisations, investigate the current and future needs of farmers in the Wimmera Mallee to ensure that farmers are:

a. not financially disadvantaged because of their implementation of Pipeline-related on-farm reticulation; and
b. assisted to comply with Pipeline-related on-farm reticulation requirements.

Surface Water

5.37 Surface water is discussed in the Report in a number of contexts – recreational or social water and environmental water. Before the establishment of the Wimmera Mallee Pipeline, the amount of surface water in the region was adversely affected by the drought. As the Wimmera Catchment Management Authority Submission states, the river system in the region is highly stressed, with the Wimmera ‘receiving less than 10 per cent of historical flows’.  

5.38 The decommissioning of the channel system and dams on properties since the construction of the Pipeline has also decreased the amount of surface water in the region.

Recreational Water

5.39 Recreational water was mentioned in Submissions and by a number of witnesses who stressed its importance to the region in a number of areas, including lifestyle, population maintenance, community and social activity.

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26 Wimmera Catchment Management Authority, Submission, Number 3, 17 February 2010.
27 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness; Ms Alexandra Gartmann, Chief Executive Officer,
5.40 The Committee found throughout the Inquiry that the issue of liveability in the region is inextricably linked to access to water. This was nowhere more obvious than during the Public Hearings when residents spoke passionately about its role in their lives. This was also spoken about by researchers and Local Government representatives as illustrated by the quotes below.

5.41 Dr Pam McRae-Williams, from the University of Ballarat, suggested that the importance of surface water to community well-being should not be underestimated. She described the importance of recreational water for population maintenance:

It makes it a much more liveable place, so it retains people.\(^{28}\)

5.42 John McConville, a former Chairman of Donald 2000, said:

Recreational water is a vital link for our community to create more population.\(^{29}\)

5.43 Recreational water was mentioned a number of times in relation to the social and community benefits of having recreational water available.\(^{30}\) As Cr Mather, Chairperson of the North West Municipalities Association, stated:

It goes to the psyche of communities and everything else when they do not have anything green to go to.\(^{31}\)

5.44 Witnesses spoke about the importance to community wellbeing of having water to maintain gardens and lawns.\(^{32}\) Ms Russell, from the Banyandah

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Birchip Cropping Group; Mr Tony Bawden, General Manager, Corporate Services and Economic Development Horsham Rural City Council, *Public Hearing*, Warracknabeal, 16 February 2010; Cr Reid Mather, Chairperson, North West Municipalities Association; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council; Mr Harold Flett, Councillor, Mt Jeffcott Ward, Buloke Shire Council; Mr John McConville, Past Chairman, Donald 2000, *Public Hearing*, Donald, 17 February 2010; Mr Simon Grigg, Member, GWWM Water Customer Committee; and President, Walpeup Lake Committee of Management; Mr Dean Munro, Committee Member, Walpeup Lake Management Committee; Mr Marc Thompson, Chief Executive, Wimmera Catchment Management Association, *Public Hearing*, Donald, 17 February 2010; Victorian Farmers Federation, *Submission*, Number 6, 29 March 2010; Ouyen Incorporated, *Submission*, Number 5, 19 March 2010; Grampians Tourism Board, *Submission*, Number 7, 31 March 2010.

28 Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, *Public Hearing*, Warracknabeal, 16 February 2010.


32 Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Jeff Rigby, Managing Director, GWWM Water; Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and member, Centre for Regional Innovation and Competitiveness, *Public Hearing*, Warracknabeal, 16 February 2010; Mr Peter Russell, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, *Public Hearing*, Donald, 17 February 2010.
Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, expressed this simply and clearly:

We have got lawn now; we have not had lawn. Just having that softness around your home, I think, just makes people happier.\(^{33}\)

5.45 A number of witnesses spoke passionately about the important social role of sporting facilities in rural communities.\(^{34}\) Ms Alexandra Gartmann, Chief Executive Officer of Birchip Cropping Group, described sporting facilities as ‘the core fabric for smaller rural communities.’\(^{35}\)

5.46 Mr Grigg, a farmer and member of the GWMWater Customer Committee and President of the Walpeup Lake Committee of Management, talked about the cost to community spirit that not having water to maintain sporting facilities and green spaces has on communities:

Go into Victoria to Torrita, Walpeup, Patchewollock, Tempy where once they did have a football oval, tennis courts or a little bit of green around but now they cannot afford to have any green. The mental impact on those communities is huge. We are trying to grow the area but the cost impact of having some water for the communities is huge and that is closing the smaller communities down, every day.\(^{36}\)

5.47 Dean Munro gave a detailed and evocative account of the amount of expenditure on water that is required to maintain recreational facilities in his region:

Blackburn Park is a perfect example. Last year with the water restrictions we were not allowed to water. Blackburn Park is our local football and cricket oval. There is only really one public oval in town. It was forced to buy water. On the open market, temporary water would have been at the time $400 to $500 a megalitre. There was still going to be a $1,000 delivery charge for that water. Realistically it should have cost $1,400 or $1,500 a megalitre to deliver the water onto the football oval which had been through the treatment plant, which was drinkable water, which I think is ridiculous. Wimmera

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\(^{33}\) Ms Elizabeth Russell, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, Public Hearing, Donald, 17 February 2010

\(^{34}\) Mr Ray Campling, Chief Executive Officer, Yarramiaback Shire Council; Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council; Mr Adam Campbell, farmer, Springlake Pty. Ltd., Public Hearing, Donald, 17 February 2010; Mr Simon Grigg, Member, GWMWater Customer Committee; and President, Walpeup Lake Committee of Management, Public Hearing, Mildura, 02 March 2010.

\(^{35}\) Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.

\(^{36}\) Mr Simon Grigg, Member, GWMWater Customer Committee; and President, Walpeup Lake Committee of Management, Public Hearing, Mildura, 02 March 2010.
Grampians Water subsidised that back down to the town rate of $1,000, which I am very thankful for.

Ouyen lawn tennis club and golf club originally were on the channel system. We pretty much had one dam fill a year like most farmers did. Then once the reservoirs got too low for drinking water they were then topped up into there.

We had pretty much unlimited water for tennis courts and the golf course got a little bit of water. That has now gone. Under the Pipeline system, we were supposed to receive a rural allocation through the rural set-up instead of the town one, but for some reason it was decided we would not get that, so we now have negotiated a price, that put drinking water back on the golf courses and tennis courts at the farm rate.

Just to give a quick overview of that, in 1999 it cost around $5,000 for water and a curator to run 16 courts; in 2010, it is costing us $35,000 to run 12 courts. It is $10,000 to $15,000 a year for 12 tennis courts in water costs alone and that is on the cheaper system, the farming system. As you can imagine, with diminishing numbers and smaller communities, it is very difficult to raise that sort of money to keep bums on seats.37

5.48 In its May 2010 decision on GWMWater’s water pricing in the region, the Essential Services Commission said that GWMWater could continue its policy of subsidising water for sporting and service clubs and charitable institutions and that the Commission would not intervene ‘where a water business chose to provide a discount for a particular service providing that the usual processes of consultation had been undertaken to ensure that water customers had an opportunity to respond to a cost impost to pay for the discount.’38

Recommendation 6

The Committee encourages the State Government to acknowledge the spill over benefits to regional economies and community wellbeing of community clubs and institutions. Giving consideration to those who have been traditional users of cheap low-grade water and are now in financial difficulty due to significantly higher water prices, recommends that the government support GWMWater to ensure that they can maintain a policy of subsidising water to these users.

37 Mr Dean Munro, grain farmer; and Committee Member, Walpeup Lake Management Committee, Public Hearing, Mildura, 02 March 2010.
5.49 Mr Bawden from Horsham Rural City Council described the re-establishment of social clubs since Pipeline water came to the region:

We are already seeing a lot of our local clubs - the angling, skiing, rowing and sailing clubs - reactivating, which is fantastic for communities.  

5.50 Recreational water was seen to be an important aspect in developing and maintaining the tourism industry in the region. Mr Marc Thompson, Chief Executive of the Wimmera Catchment Management Authority, described the economic benefit recreational water had on tourism in the towns of Jeparit and Dimboola, highlighting the link between recreational water and tourism:

They had their rowing regatta this year for the first time in seven years. They mentioned that each time they have one of those events it brings about $40,000 into the town. The towns of Jeparit and Dimboola became little hives of activity. The caravan parks filled up. People came back to enjoy the rivers and all the small businesses really started to thrive. That is tangible economic development that started from day one.

5.51 A Submission by Grampians Tourism Board argued that the presence of recreational water was important for the economic development of the region. They profiled tourists attracted to the region’s recreational water and found that:

There are visitors who specifically target this region because of the water resources. Vehicles arrive every weekend with kayaks, canoes and trailer-sailors atop or with fishing gear stowed aboard (and tinnies towed behind). While these visitors won’t pay for tours, they often take commercial accommodation in caravan parks and self-contained units, eat out and have a general impact on the economies of the regional towns, cities and villages.

5.52 Several witnesses stressed that filling lakes was important for recreational playgrounds and environmental habitats. In his testimony to the Committee, Cr Flett from Buloke Shire Council suggested that extra water which stock do not need in winter should be allocated into lakes. Cr McLean from Buloke Shire Council suggested that growth water should be allocated to lakes, as

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40 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness; Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council: Ms Joanne Bourke, Chair, Regional Development Australia, Grampians Region, Public Hearing, Warracknabeal, 16 February 2010; Horsham Rural City Council, Submission, Number 1, 12 February 2010.
41 Mr Marc Thompson, Chief Executive, Wimmera Catchment Management Authority, Public Hearing, Donald, 17 February 2010.
42 Grampians Tourism Board, Submission, Number 7, 31 March 2010.
5.53 In September 2009, water was released into Lake Lascelles at Hopetoun as part of the recreational water allocation from water savings. Ray Campling, Chief Executive Officer of the Yarriambiack Shire Council, talked about the positive effect the filling of Lake Lascelles has had on liveability in the region:

As a consequence of that [release of water into Lake Lascelles], all the young kids would take their speed boats up to Mildura every weekend and spend a couple of hundred dollars up there. Now they are staying here, re-investing their money. We are actually attracting young people and families.

5.54 The Essential Service Commission’s May 2010 decision on subsidies to be provided for recreational water stated that any support should be facilitated by ‘authorities best able to reflect community views.’ The decision goes on to suggest local councils as appropriate bodies to facilitate this support.

5.55 The removal of dams meant the loss of a number of forms of recreation on farms. Dean Munro described the important role dams played in the past in recreational activities on farms:

There are no yabbies, no fishing, no swimming and nowhere near as much wildlife. It might sound fairly insignificant but growing up in a very small community, sometimes we spent 80 per cent of the weekends throughout the year at those dams doing a bit of yabbying or shooting a few ducks or the kids were just swimming or skimming rocks. It is a very important thing that we had in our community that has now gone.

5.56 Witnesses who spoke about the need for recreational water did so in the context of an acute awareness of the precious nature of water in the region

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44 Mr Adam Campbell, farmer, Springlake Pty. Ltd., Public Hearing, Donald, 17 February 2010.
46 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.
47 The Essential Services Commission Report lists a separate decision for ‘Sporting and service clubs and charitable institutions’ as opposed to ‘Recreational Water’. It is therefore assumed here that the Commission’s definition of ‘Recreational Water’ precludes such amenities and is applicable instead to recreational water bodies.
49 Mr Adam Campbell, farmer, Springlake Pty. Ltd., Public Hearing, Donald, 17 February 2010; Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010.
50 Mr Dean Munro, Grain farmer; and Committee Member, Walpeup Lake Management Committee, Public Hearing, Mildura, 02 March 2010.
and an understanding that water is scarce. The Committee found the evidence provided by witnesses about the psychological benefits of recreational and social water compelling. There is no doubt about the impact of a green environment with flowing rivers on the landscape and the psyche of regional communities.

**Recommendation 7**

That water for recreational purposes be supported and that recognition be given for recreational water as an economic development driver and opportunity for local tourism. In developing water policy for the Wimmera Mallee region, the State Government should take into account the need to provide recreational water in instances where water is available and, through community consultation, prioritise the allocation of recreational water resources. The Committee further recommends that the cost of recreational water distributed into lakes, weir pools and wetlands be shared across the Wimmera Mallee Pipeline catchment area.

**Environmental Water**

5.57 The removal of surface water has had a marked effect on the natural environment in the Wimmera Mallee region. The dams and channels in the region, normally used to store and move water and seepages to wetlands, also provided habitat for local wildlife. In turn, the presence of these habitats and wildlife are essential to the development of ecotourism opportunities in the region.

5.58 Environmental flows were factored into the Pipeline’s allocations to address these issues.

5.59 Mr Campbell from Springlake Pty. Ltd. told the Committee about the long-term repercussions of the loss of wildlife:

> There are going to be a lot of native species in decline - things like your longneck turtles, yabbies, grebes, ducks and other water birds are no longer going to have a dam every mile or so to use as habitat.\(^{51}\)

5.60 As a solution to the loss of wildlife and habitat, Mr Campbell suggested the development of a grants scheme for farmers to install and maintain wildlife ponds.\(^{52}\)

5.61 Witnesses, as a counterbalance, also described the return of wildlife to the region since the arrival of Pipeline water:

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\(^{51}\) Mr Adam Campbell, farmer, Springlake Pty. Ltd., *Public Hearing*, Donald, 17 February 2010.

\(^{52}\) Ibid.
The pelicans have come back and the birdlife and the fish. You are seeing a lot more wildlife, especially along the Wimmera River in Horsham and things.53

5.62 Dr McRae-Williams spoke about the negative effect on biodiversity of taking away surface water in the Northern Mallee:

I want to very quickly mention the biodiversity implications. Obviously, in changing from an open channel and dam system to a pipe system, you effectively take away all your surface water. In the northern Mallee that has had a pretty significant effect on biodiversity.54

5.63 Dr McRae-Williams went on to suggest that farmers be given the opportunity to direct some of their excess water into ‘some sort of biodiversity benefit’ which does not give them an economic benefit but ‘makes their lives much more liveable’.55 McRae-Williams cited a study by the WIDCORS56 which found that environmental water was seen not as peripheral to the benefits of the Pipeline but as one of its major benefits.

5.64 With the return of water to the region, ecotourism is now seen as a potential industry. Colin Kemp from the Wimmera Development Association put it simply:

Environmental water equals tourism and also equals economic development.57

5.65 Ms Bourke, Chair of the Regional Development Australia Committee for the Grampians region and former Project Liaison Officer, GWMWater, was also optimistic about the potential for ecotourism:

I think we will see growth, particularly in small businesses across the region looking at what tourism potential there is around nature-based tourism from the Grampians right across the Wimmera plains, with the national parks and the system of lakes and waterways looking much better more recently.58

53 Mr Kerryn Shade, Chief Executive Officer, Horsham Rural City Council, Public Hearing, Warracknabeal, 16 February 2010.
54 Dr Pam McRae-Williams, Research Director, WIDCORS, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, Public Hearing, Warracknabeal, 16 February 2010.
55 Ibid.
57 Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.
58 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
5.66 Restoring environmental flows was seen by some witnesses as a desirable use for Pipeline water. Tony Bawden described the effect of Pipeline water as ‘a tremendous fillip I guess to the environment,’ and:

There has been a release of environmental flows down a couple of rivers, like Burnt Creek, which leads into the Wimmera River, and others where the vegetation was really poorly. We had a very clear demonstration of that with photographs of Burnt Creek with failing gums, a photograph taken only 10 years ago showing what it looked like and there was a subsequent release. Those areas stand to be significantly rejuvenated.

5.67 These sentiments were supported by Mr Campling from Yarriambiack Shire Council:

The recent environmental flows have already had a major impact on the towns involved in terms of tourism and liveability.

5.68 Cr Flett is optimistic about the future of the region’s rivers:

I am convinced that there will be excess water in the Grampians storage and there will be more environmental flows in our rivers, even with climate change and less rainfall.

5.69 The Wimmera Catchment Management Authority Chief Executive Marc Thompson, described the Wimmera River system as ‘one of the most highly stressed river systems in Victoria’. He confirmed the significance and success of the Wimmera Mallee Pipeline’s allocated environmental flows in that context:

[the Pipeline] has also been probably the most significant project to restore river health that has ever happened in the Wimmera.

5.70 Cr McLean expressed hope that in Buloke ‘hopefully there will be some environmental watering plans put together and they will be approved and will make some provision.’

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59 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council, Public Hearing, Warracknabeal, 16 February 2010; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council; Mr Harold Flett, Councillor, Mt Jeffcott Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010; Mr Marc Thompson, Chief Executive, Wimmera Catchment Management Authority, Public Hearing, Donald, 17 February 2010.

60 Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council, Public Hearing, Warracknabeal, 16 February 2010.

61 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.

62 Mr Harold Flett, Councillor, Mt Jeffcott Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010.

63 Mr Marc Thompson, Chief Executive, Wimmera Catchment Management Association, Public Hearing, Donald, 17 February 2010.
5.71 The Committee found that allocation of Pipeline water to environmental flows is an important use of Pipeline water and that this should continue to be supported by government.

**Recommendation 8**

The Committee recommends support for the allocation of water for environmental purposes and recognises the significant biodiversity resources of the region. In developing water policy for the Wimmera Mallee region, government should take into account the need for provision of environmental water in cases where water is available.

**Firefighting Water**

5.72 The decommissioning of dams, which were traditionally used to access firefighting water in the region, has raised concern about the availability of water to fight fires, the associated costs with building the infrastructure to access Pipeline water for firefighting and raised questions about who will pay these costs.

5.73 Cr Mather questioned the necessity of the fire hydrants and tanks for which Councils were required to subsidise installation:

> We are required to fit hydrants and required to have tanks. The interesting thing from that perspective is that we did not have these tanks before. Every farm had a dam on it usually and the CFA has allowed access to that.

> Every farm will have a tank on it and we are also putting in a second infrastructure with dozens and dozens of tanks all around the place. I do not understand why that is so, when a simple CFA fitting on any tank would have done. I do not get it, and they can take it out of the hydrant. There is more water there than ever before.\(^{65}\)

5.74 John McConville spoke about a fire 10 kilometres out of Donald where the trucks could not access water from the Pipeline and had to go in to Donald to get water. He also addressed the issue of who pays for the firefighting water infrastructure:

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\(^{65}\) Cr Reid Mather, Chairperson, North West Municipalities Association, *Public Hearing*, Donald, 17 February 2010.
We need good hydrants on the line somewhere, and I am not sure how we go about that. One of the issues that we do have a beef about with this fire thing is that as part of the Government initiative of funding tanks, there had to be a fire outlet on the tank, which was all very well, but then the farmer pays again - the people at this end pay again. It is going to be millions of dollars to set some of these things up, which we are very nervous about.66

5.75 Adam Campbell mentioned conflict between the Local and State Government about funding of firefighting water infrastructure as a problem:

They have got plans to put tanks in all across the shire at strategic points and they have all been planned for, the meters have all been put in ready to go, but as yet the funding for those tanks has not come through. I think there is a bit of to-ing and fro-ing about who is going to be responsible for paying for those tanks.67

5.76 When asked if there are enough points in the Pipeline to access water for firefighting, Mr Campbell replied:

At this stage, no. There are a number of hydrants that have been put in that come off the main trunk, but until the system is up and running fully, there could be days of pressure testing and so forth where areas will not have access to any water. There has been a fair investment from the CFA to be able to put tanks onto fire sheds. A lot of those tanks will be 30,000 litres; that is probably enough for a small stubble fire that we have, but if we have an ongoing large fire, it would not be sufficient.68

5.77 The Committee believes that the issues surrounding access to firefighting water and associated infrastructure which were raised at Hearings in the Wimmera Mallee region ought to be resolved as a matter of urgency.

Recommendation 9

That the Victorian Government ensure provision of access to water for firefighting purposes in the Wimmera Mallee region and, given current concerns and funding uncertainty associated to infrastructure, provide funding for the establishment of infrastructure before the next fire season.

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67 Mr Adam Campbell, farmer, Springlake Pty. Ltd., Public Hearing, Donald, 17 February 2010.
68 Ibid.
Pipeline Capacity

5.78 A limitation of the Wimmera Mallee Pipeline is its capacity. The Pipeline capacity, that is, how much water can be delivered by the system, was stated by a number of witnesses as important in terms of the ability to support enterprises which require large amounts of water. Pipeline capacity was therefore linked with the potential for growth and diversification of business in the region.

5.79 Dr Pam McRae-Williams suggested that the Pipeline’s capacity means that farmers who require greater amounts of water for their enterprise will be required to invest in on-farm storage:

For major infrastructure or major new projects, the capacity of the system to supply is really restricted. It is a very small pipe so if people want to develop some intensive production system which requires reasonably large amounts of water, they have got to look at on-farm storage.69

5.80 The Pipeline’s capacity changes throughout the region. Capacity was estimated according to investigations of peak demands and the different ‘economic, social and environmental uses for water within the region.’70 The fact that there are different points of capacity now determines where industry with large water demands can be located. It also determines which industries farmers can diversify into, depending on their water usage requirements. When asked about the potential to establish other feedlots in the area, Stephen Reynolds from Charlton Feedlot stated:

You need to find the right position that has the right supplier capacity out on the pipe and is positioned correctly for neighbours and environmental requirements.71

5.81 Mr Colin Kemp, a representative of the Wimmera Development Association, spoke about business opportunities and capacity:

So opportunities are there but, as we talked about earlier, we have to be careful to match up the opportunity with the water availability on the farms. You cannot get the capacity out of the Pipeline

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69 Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, Public Hearing, Warracknabeal, 16 February 2010.
71 Mr Stephen Reynolds, Manager, Charlton Feedlot, Public Hearing, Warracknabeal, 16 February 2010.
everywhere; there are only certain spots where you can get that water out at a certain time.72

5.82 Mr Adam Campbell spoke about this issue from the view of a farmer wishing to set up a livestock farm:

You want to be on the main trunk to be able to get sufficient supply to run one of those industries. If you are not, you are going to have to be looking at these other things, such as desalination and your own catchment, to be able to get sufficient water to run those industries.73

5.83 Mr Reynolds highlighted the need for adequate capacity for selling water entitlements:

Possibly there will come an occasion when I can temporarily sell the part of my entitlement that I do not use, but I need to be able to sell it to an area on a pipe that has the capacity to take that water as well.74

5.84 Witnesses speaking about their experience with the Northern Mallee Pipeline’s capacity had different points of view.

5.85 Jennifer Grigg from Sunraysia Institute of TAFE said that while she knew there was concern that enterprises requiring large amounts of water would be able to be serviced and the system has ‘never been tested’, her understanding was that:

The pipes and the capacity in the pipes was always there with economic development opportunity in mind to deliver water if it was required.75

5.86 When asked about the capacity built in to the Northern Mallee Pipeline for recreational water, Dean Munro responded:

I think there was probably a lot of paperwork done about having extra capacity to do that but I do not think in reality the system was ever built big enough to do it. For example, you are talking about a 4-inch pump going into the towns. I think you will find most of the lines going in are 12-inch lines. There is a 4-inch line - I was talking about that lake - to deliver 350 megalitres would take 120 days of solid pumping, 24 hours a day. To get the infrastructure you would need to fill Walby Lake and you would be looking at $800,000, whereas if it had been incorporated in

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72 Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.
73 Mr Adam Campbell, farmer, Springlake Pty. Ltd., Public Hearing, Donald, 17 February 2010.
74 Mr Stephen Reynolds, Manager, Charlton Feedlot, Public Hearing, Warracknabeal, 16 February 2010.
75 Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010.
the Pipeline in the first place, I am sure the cost would have been closer to $100,000 to $150,000.

There is still room and there is still capacity within the Ouyen pumping setup to outreach to other places but there would have to be new pipelines put in to do that.76

5.87  Mr Grigg gave his view of the Northern Mallee Pipeline’s capacity and its impact on growth in the region:

The negatives of the Northern Mallee Pipeline: the capacity is small, it was not designed to have huge capacity so growth through water sales is minimal, in my view. Examples of that are Illuka where they wanted to use the Pipeline but were not allowed to because it impacted too greatly on surrounding farmers, the original users. So there is not much capacity there. I think trucks were getting water out of the Pipeline towards Galah. They too were told to stop because it impacted too much on farmers and other users. So for the northern Mallee, yes, there is the limitation of growth.77

5.88  The Committee also heard evidence from Mr Jeff Rigby, Managing Director, GWMWater about the capacity of the system. Mr Rigby told the Committee that it is double ‘the delivery capacity compared to the peak use rates that have typically been the nature of the supply in the past. We have typically supplied about 5,000 megalitres per annum at peak stocking situations across the region. We now have an ability to almost replicate that level of supply in terms of additional supply.’78

Recommendation 10

That the Victorian Government ensure that when planning future extensions of the Wimmera Mallee Pipeline, an analysis of delivery capacity is undertaken based on potential industries and farms to be supplied.

Labour Supply and Employment

5.89  Like much of regional Australia, the Wimmera Mallee region faces the challenge of labour supply. During Public Hearings, the Committee heard that

76 Mr Dean Munro, grain farmer; and Committee Member, Walpeup Lake Management Committee, Public Hearing, Mildura, 02 March 2010.
77 Mr Simon Grigg, farmer; Member, GWMWater Customer Committee; and President, Walpeup Lake Committee of Management., Public Hearing, Mildura, 02 March 2010.
78 Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010;
there is a skills shortage in certain fields in the region, prompting industry and organisations to source labour for some professions from outside the region.

5.90 While Mr Bawden from Horsham Rural City Council stated ‘there is reasonable availability of labour’, a number of witnesses did not agree.79

5.91 Labour supply was stated to be a problem with attracting large companies to the region.80 Brian Kearns, Senior Regional Agribusiness Development Officer, from the Department of Primary Industries stated:

I just feel that quite often we hear that labour is a bit of a constraint in this region.81

5.92 Mr Kearns said evidence of the presence of a good labour supply was needed before big companies would set up in the region.

5.93 Ms Gartmann, from the Birchip Cropping Group, told the Committee the region needs more skilled professionals in the areas of livestock management and marketing, stating:

We have found that people are available for technical and labour roles but the challenges are attracting some of the professional business skills to the region, particularly to the small communities.82

5.94 Ms Gartmann talked about how a lack of housing and other quality infrastructure is causing problems finding labour:

The area of housing is also a major challenge for any small business in attracting professionals or any labour force.83

5.95 The Birchip Cropping Group, where Ms Gartmann is Chief Executive Officer, undertakes ‘all of our 40-odd projects with collaborative partnerships’84, in an attempt to solve skills shortage problems that it faces.

5.96 Witnesses85 spoke about the employment opportunities create by Pipeline contractors. Mr Rigby, from GWMWater, told the Committee that the Pipeline had attracted a larger labour force:

79 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries; Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
80 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.
81 Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, Public Hearing, Warracknabeal, 16 February 2010.
82 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
83 Ibid.
84 Ibid.
85 Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010; Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.
We have seen certainly economic benefits to the local region in the form of labour market effects, both in terms of access to skilled and semiskilled labour.86

5.97 However, there is concern about the future of this employment at the end of the Pipeline project. Again Mr Rigby addressed the Committee:

The acceleration of the project has been good in one sense, but it has meant that we have only had a much shorter construction period than some of the initial planning had contemplated a number of years ago.87

5.98 He went on to say he was unsure if the contractors for the Pipeline will stay in the region long term.

Livestock Numbers

5.99 Due to the drought, many farmers in the Wimmera Mallee region cut down their water usage by destocking. Since the Pipeline was turned on and there has been access to secure, good quality water, some farmers are restocking their farms. During Hearings for this Inquiry, livestock was spoken about as a potential economic opportunity in the region, however some concern about adequate livestock numbers was raised. The Committee heard a number of different views about livestock numbers in the Wimmera Mallee region.

5.100 Ms Park, Project Manager for Farm Services Victoria, Department of Primary Industries, told the Committee water carting had driven down stock numbers:

Last February there were people carting for very large mobs of sheep and that tends to put a bit of a dampener on stock numbers.88

5.101 Joanne Bourke blamed the drought for small stock numbers:

Livestock numbers in the region have been decimated because of the drought, landowners have focussed primarily on maintaining stud and genetic stock because of the lack of water and feed.89

5.102 Cr McLean told the Committee that stock numbers were increasing, saying:

A lot more livestock has moved back into the region and that is something that probably is evidenced by, for example, the numbers

86 Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
87 Ibid.
88 Ms Danielle Park, Project Manager, Farm Services Victoria, Department of Primary Industries, Public Hearing, Warracknabeal, 16 February 2010.
89 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
of sheep going through the Wyeproof saleyards, which is certainly an indication of the amount of stock that is back in the region, because the national flock used to be 170 million and is now only about 70 million and yet we are probably holding our own in this region.  

5.103 Dr McRae-Williams gave her opinion that stock numbers were going down in general, however some farmers were restocking due to good lamb prices:

I think it is moving down. If you are looking in the Mallee, that scenario of the bigger farm and the less stock is probably becoming more dominant. I think even here now it is starting to become more dominant, although there are still farmers who now are increasing numbers of livestock, particularly lambs, because the lamb prices are really good.  

5.104 Brian Kearns from the Department of Primary Industries told the Committee that lamb stock numbers have dropped dramatically because 'years of drought, low wool price and demand for meat so strong that farmers have been selling their breeding stock.' He added that stock numbers were hard to assess in the Wimmera because it's a place where lambs are traditionally finished, not bred (therefore the stock can come from a variety of places).

**Infrastructure**

5.105 The need for adequate infrastructure in the transport, communication, renewable energy and housing sectors were cited as challenges to growth in the Wimmera Mallee region. Water needs are being addressed with the Wimmera Mallee Pipeline but other infrastructure such as transport requires ongoing development.

5.106 Cr Mather said:

The Government needs to be brave. It needs to know what it wants for its future and start to prepare these areas to be future-ready.

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91 Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, Public Hearing, Warracknabeal, 16 February 2010.
92 Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, Personal Communication, 7 July 2010.
That means a commitment to roads, a commitment to rail and a commitment to renewable energy.93

5.107 Ray Campling warned about the costs of new infrastructure:

Although welcomed, the expected surge in development will stretch our very limited planning and building department resources, plus the demand for road upgrades and other transport infrastructure is likely to be beyond the limits of our budget. Governments need to be aware and appreciate that additional resources will definitely be required.94

**Recommendation 11**

That the Victorian Government continue to provide infrastructure support to the Wimmera Mallee region through the Regional Infrastructure Development Fund.

**Telecommunications**

5.108 Telecommunications infrastructure and coverage in this region, particularly on the outer peripheries of and outside regional centres, requires development. A number of witnesses expressed a desire for better telecommunications infrastructure95, particularly broadband, both as a lifestyle issue for residents and to attract industries that cannot function competitively without this infrastructure.

5.109 Mr John McConville, past Chairman of Donald 2000, a promotions and development committee for the town of Donald, describes problems with coverage in Donald:

We had analogue phones to start with for our mobile phones and that worked very well. Then that got changed, for whatever reason. This probably sounds like country bias, but the country missed out because we could not get coverage. The city was fine because it is all rounded up in a particular area.

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Then we went to digital and digital was fine until they changed that to CDMA. Once again, our coverage was very poor. Now they have gone to Next G, 3G and our coverage is still very poor although it is improving, but we seem to be missing out all along, in broadband and the whole thing.

TV coverage is important for some folk. Now that we have gone digital, the digital is not all that good. We miss out again, especially in the outer areas. You get 16 or 17 kilometres from Donald centre and it is not real good.96

5.110 Mr Tony Bawden from Horsham spoke about ineffective coverage on the outskirts of the town of Horsham:

The City of Horsham, for instance, has very good ADSL2 coverage, but when you get around the peripheries of the city and out into the broader areas, there is not nearly the effectiveness there should be.97

5.111 Ms Gartmann is also a member of the Regional Telecommunications Independent Review Committee. The Committee recently reviewed rural and remote Australian telecommunication services. Ms Gartmann spoke about the needs of business in the region:

Many of the businesses, including those we met with in Horsham, said that to really compete effectively with an urban-based business they needed better telecommunications and broadband - both equal up and downloading and cost for those. That will be a challenge for any value adding, non-primary production business.98

5.112 Ms Gartmann also recommended financial support to help businesses with infrastructure costs:

Start-up grants for businesses which recognise some of the challenges in terms of access to appropriate cost, infrastructure and services like telecommunications.99

5.113 Colin Kemp from the Wimmera Development Association, stressed the need for coverage throughout the region:

To become a world market, we need to have broadband connectivity right through the whole region, not just selected areas.100

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96 Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.
97 Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council, Public Hearing, Warracknabeal, 16 February 2010.
98 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
99 Ibid.
100 Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.
5.114 Cr Mather spoke about requirements to entice entrepreneurs into the region, despite the cost:

You have all that infrastructure - and I am saying to be brave and get the infrastructure ready for them that includes broadband and all the other bits and pieces.101

5.115 The Committee found that an effective communications network and coverage is essential for economic development opportunities to occur.

Recommendation 12
That the Victorian Government continue to advocate to the Federal Government for improved telecommunications services in the Wimmera Mallee region given current deficiencies in availability of high-speed broadband and consistent mobile phone coverage, which are both impediments to business development.

Housing

5.116 Evidence was received in relation to the issue of housing. Witnesses who gave evidence about housing addressed the issue in relation to its effect on attracting a labour force. Ms Alex Gartmann told the Committee run-down housing meant they had trouble attracting professionals to the region:

Labour and housing go hand in hand. As an organisation, we are in a catch-22 situation. Often we will have the funds to employ professional staff in the service sector - information to agriculture - but attracting them to a small country town with run-down housing, very little public transport and challenging internet connections means that we are constantly trying to balance our investment in people with our investment in appropriate housing and at both national and state levels there are very limited opportunities for businesses and organisations such as Birchip Cropping Group to obtain any support to invest in housing.102

5.117 John McConville said that Donald was successful in attracting the labour supply they needed in the town. They did this by focussing on the supply of housing. He told the Committee about his successful scheme of building new homes to attract medical staff to the town of Donald:

We build them a house and offer them a house and a car.103

101 Cr Reid Mather, Chairperson, North West Municipalities Association, Public Hearing, Donald, 17 February 2010.
102 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
103 Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.
5.118 In its Submission, Buloke Shire Council called for the Victorian Government to ‘Assist with housing developments in rural towns’.  

5.119 The Committee found access to good quality, affordable housing an important factor in attracting a skilled labour force, which itself is an important element for many economic development opportunities to take place.

5.120 The issue of transport was raised by witnesses and in Submissions to the Committee’s Inquiry. Road, rail, air transport and public transport were all addressed. One initiative in particular that was raised was the (at the time) proposed new freight hub at Dooen. Witnessed spoke about transport as it relates to servicing industry (links to markets) and labour supply (availability of public transport).

5.121 Alex Gartmann, from the Birchip Cropping Group, spoke of the need for the regional transport network to be improved:

Transport, both road and rail, is a challenge. Yes, we are located on a great highway between Adelaide and Melbourne but there are still those feed-in challenges across the region with the declining quality of the infrastructure.

5.122 The important issue of public transport was raised in the context of liveability for new residents. Gartmann addressed the issue by talking about the difficulty of attracting professionals to towns ‘with very little public transport’.

5.123 Ray Campling spoke of Local Government’s need for assistance from State and Federal Governments to improve transport infrastructure:

The demand for road upgrades and other transport infrastructure is likely to be beyond the limits of our budget. Governments need to be aware and appreciate that additional resources will definitely be required.

5.124 Tony Bawden outlined areas in which Horsham Rural City Council would like transport to be improved:

We are looking for an upgrade of the Horsham airport to improve that connectivity with particularly Melbourne. Associated with that,

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104 Buloke Shire Council, Submission, Number 2, 17 February 2010.
105 Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association; Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010; Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010; Buloke Shire Council, Submission, Number 2, 17 February 2010; Pyrenees Shire Council, Submission, Number 8, 31 March 2010.
106 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
107 Ibid.
108 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.
we are trying to secure a scheduled passenger air service so that groups like the Grains Innovation Park, our universities and hospitals and of course our community are brought that much closer.

The continued upgrade of the Western Highway is of course critical. There is good progress being made and it is steadily and slowly seeping out to the west, which is positive. Part of that is our detailed planning of the bypass of Horsham and the State rail networks are also critical to our industries and supply chain.109

5.125 Since the Committee’s Hearings in the region, the State Government has announced an upgrade to Horsham airport. The Government has pledged $1.05 million to upgrade the existing unsealed north-south runway. Horsham Rural City Council has pledged $371,000 towards the upgrade.110

5.126 Jennifer Grigg voiced her concern about supporting horticultural business without adequate transport infrastructure:

Looking at the supportive infrastructure, when you create new economic development opportunities, if you are looking at fresh produce, do we have the transport system in place to support getting that to market? I would consider that is very questionable at this current time.111

5.127 Another witness, Ms Joanne Bourke, told the Committee she thought it would be hard to compete with other regions with better transport links when trying to attract horticultural investment:

It is unlikely that they are going to invest it in the Wimmera Mallee when they have all the support services, transport links to markets and the supporting businesses in other regions in the state. I am not saying it will not happen; I am just saying it is less likely.112

5.128 During the Committee’s Hearing in Warracknabeal, Tony Bawden from Horsham Rural City Council spoke about current plans for a freight hub at Dooen and negotiations taking place to resolve funding issues:

We are well advanced in the Wimmera regional intermodal freight hub detailed planning. We see it as critical for our agricultural markets that this container freight facility is brought to fruition. Currently there is a funding shortfall due to an increase in scope of the size of that facility, which we are working very closely with the

111 Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010.
112 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
State Government on attending to so that we can press the button on that and go to tender, hopefully in April of this year, but that has not been locked away as yet.\textsuperscript{113}

5.129 Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, spoke about the agribusiness economic opportunities the new freight hub would bring to the region:

If we get the intermodal freight hub finished, all of a sudden they will be able to bring a truckload of grain in, turn it into malt, put it into a container and drop it on the train line.\textsuperscript{114}

5.130 Since the Committee’s Hearings in the region the State Government has committed funding to the development of the Wimmera Regional Intermodal Freight Hub to be located at Dooen. A project manager has been appointed and the Hub is expected to be operational in 2011.

**Recommendation 13**

That the Victorian Government provide support for transport links to markets.

This could be achieved through the following recommended actions:

a. the continued upgrading of the Western Highway;

b. the continuation of the Regional Infrastructure Development Fund ‘Roads to Market’ program;

c. the ongoing implementation of the State’s rail network upgrades;

d. the completion of the upgrade of the Horsham Airport through the State Government’s Regional Aviation Fund; and

e. the completion of the Dooen freight hub via the State Government’s Regional Infrastructure Development Fund.

**Electricity**

5.131 A reliable source of electricity was mentioned by witnesses\textsuperscript{115} as essential infrastructure to attract business. As one witness stated in reference to businesses:

\textsuperscript{113} Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council, Public Hearing, Warracknabeal, 16 February 2010.

\textsuperscript{114} Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.

\textsuperscript{115} Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010; Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.
They come into a region reasonably automated; their concerns are water, land, electricity, gas.\textsuperscript{116}

**Renewable Energy**

5.132 A number of witnesses spoke about the need to develop renewable energy in the region.\textsuperscript{117}

5.133 One witness described current moves to look into appropriate energy in evidence to the Committee:

> We are looking for funding for research into alternative energy projects in the region that can tap into the water.\textsuperscript{118}

5.134 Jennifer Grigg described her vision:

> I am sure there are opportunities there for collaborative arrangements. If you look at algae for biofuels, straw for ethanol, they seem to have more of a sustainable aura or prospect about them as well.\textsuperscript{119}

**Recommendation 14**

That the Victorian Government further commit to renewable energy by funding research into renewable energy projects in the region.

**Natural Gas**

5.135 A number of witnesses mentioned the need for the natural gas pipeline to be extended from its current end point at Horsham.\textsuperscript{120} The Committee is

\textsuperscript{116} Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, *Public Hearing*, Warracknabeal, 16 February 2010.

\textsuperscript{117} Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, *Public Hearing*, Warracknabeal, 16 February 2010; Cr Reid Mather, Chairperson, North West Municipalities Association; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council; *Public Hearing*, Donald, 17 February 2010; Horsham Rural City Council, *Submission*, Number 1, 12 February 2010.

\textsuperscript{118} Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, *Public Hearing*, Warracknabeal, 16 February 2010.

\textsuperscript{119} Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, *Public Hearing*, Mildura, 02 March 2010.

\textsuperscript{120} Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, *Public Hearing*, Warracknabeal, 16 February 2010; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council;
concerned at the impact that the lack of infrastructure to supply this resource is having on attracting and developing industry. John McConville from Donald 2000 told the Committee about a missed business opportunity in the region due to the lack of natural gas:

Natural gas is one of the things we love here, because we have found that we have approached industry in Melbourne and they need natural gas. As an example, we tried to get a company manufacturing poly tanks here and they needed umpteen squillion litres of gas and they would like natural gas because it is hotter than LPG. That was the one thing that tripped us up; we could not get them here.  

5.136 Mr Campling pointed out the benefits of installing natural gas infrastructure in Mildura, saying that the cost is justified:

I think Council is fairly adamant that we really need to push the natural gas aspect as well. When I was in Mildura, we secured that up there 10 years ago and I think you can see by the expansion and development of the businesses and the community up there that it has just been amazing. To extend it from Horsham is fairly cost-prohibitive but at the end of the day, it is a visionary thing that we require to be sustainable and viable.  

5.137 Cr McLean suggested the gas pipeline be taken further but voiced concerns that it ‘has actually reached its capacity’. He also warned:

There will be a lot of work required to develop the business case to make sure that it has a sustainable and viable future.  

Recommendation 15
That the Victorian Government investigate the possibility of extension of the natural gas pipeline past Horsham.

Training and Education

5.138 Labour supply and a skills shortage were mentioned earlier in this Chapter. One solution to these problems is to ensure adequate training and education facilities exist in the region in order to give local workers the skills to service

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121 Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.
122 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.
existing and growth industries. Ms Grigg, from Sunraysia Institute of TAFE, spoke about the nature of rural education:

There is also a need to look at the facilities for training for learning. When you start changing and developing and growing, they need to grow and develop along with it. With the remote communities we are looking at more flexible and virtual training but it still needs to be well resourced to make it worthwhile right from the basic communications.\(^\text{124}\)

5.139 While Mildura and Swan Hill have TAFE colleges and the University of Ballarat has TAFE campuses in Stawell and Ararat, the University of Ballarat is the closest university to the region. In fact, many students at the university are from the region, warranting outreach courses:

That is something that Council has spoken to the university about in recent times, expanding those opportunities, because I think a fair percentage of the students are actually from this particular region.\(^\text{125}\)

5.140 The town of Donald addressed its skills shortage through an apprentice-training system, leading from the school’s work experience program. John McConville described the challenges of the apprenticeship system:

A belief of mine is that if you want a good bloke, you train a good bloke. The negative side is that as soon as that bloke is trained, four days and one day after his apprenticeship he is out the back door and they are not coming through the front door as quickly as I would like.\(^\text{126}\)

5.141 The Submission received by the Committee from Regional Development Australia identified specific training needs in the region:

Investigate emerging regional need for food industry training, to ensure that regional skills are able to match development opportunities.\(^\text{127}\)

5.142 Regional organisations such as the Birchip Cropping Group hold training courses and workshops to develop skills. Support at the Public Hearings and in Submissions was expressed for the work carried out by such organisations.\(^\text{128}\)

\(^{124}\) Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010.

\(^{125}\) Mr Ray Campling, Chief Executive Officer, Yarrambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.

\(^{126}\) Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.

\(^{127}\) Regional Development Victoria, Submission, Number 4, 15 March 2010.

\(^{128}\) Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010; Horsham Rural City
Alexandra Gartmann conducts agricultural educational events and training workshops to farmers in the Wimmera Mallee. She spoke about the many challenges of training a rural population:

I do wonder that on a regular basis and wonder whether I should be staying here. Can I actually provide the support and information required to support the change that is needed? I think that it is going to take a longer time frame than we want because there is generational knowledge and technology change that needs to take place. Regardless of how fast you push it out the door, the adoption will be hindered.129

Ms Gartmann’s evidence indicates the enormity of the task of providing the training and education needed to give farmers in the region the support they need. The Committee found that the Birchip Cropping Group is an essential training resource in the region and should be given support to continue its work.

Recommendation 16

That the Victorian Government commits to extending educational and training opportunities in the region, particularly ensuring that skills match economic development opportunities.

Recommendation 17

That the Victorian Government continue funding regional organisations to provide training and education for farmers and business people in the Wimmera Mallee region.

Planning Schemes and Industry Codes

Companies looking to invest in regional Victoria need assurance that their industry has a secure, untroubled future in the chosen location. The presence of the Pipeline infrastructure in the Wimmera Mallee can reassure potential investors of their access to secure water, an important factor for industry. Another factor for business is that industry regulations and codes provide stable, fixed guidelines for companies to work within.

Council, Submission, Number 1, 12 February 2010; Buloke Shire Council, Submission, Number 2, 17 February 2010.

129 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
5.146 Cr McLean from Buloke, a member of the Victorian Cattle Feedlot Committee, told the Committee about the complex problems involved in dealing with planning schemes and industry codes, stating he would like:

a balanced planning scheme and industry codes.\textsuperscript{130}

5.147 Cr McLean went on to point out the need for industry to have confidence they will not be negatively affected by changes in planning schemes:

That is one of the issues that is probably inhibiting the direction the industry wishes to go. They want assurances on where they go so that they will not be impacting on other industry or have those other industries impacting on them.

5.148 He expressed frustration at the slow development of a sheep feedlot code:

One of the problems that we may well face as a local government in this potentially expanding industry is that there has been very little work done on, for example, the sheep feedlot code. Now codes of practice and planning systems will need to be able to give that investment some protection. If you want people to invest, they need to make sure that their investment is protected and obviously, the surrounding businesses or farming systems are protected as well.

He also said:

That is part of why you need a code so that you can address the animal welfare issues and all of those things so that the industry is protected. It is not about regulation; it is about providing the right framework for that industry to flourish.

5.149 In the Buloke Shire Council Submission, Cr McLean gave the example of the Northern Poultry Cluster, which is subject to ‘cross-shire planning schemes and the broiler codes’ and believes these are an impediment to business.\textsuperscript{131}

5.150 Ms Gartmann said that lack of confidence in a stable planning process affects business and spoke about farmers’ reluctance to diversify because of planning requirements:

A lot of the work requires changes in planning policy and changes in infrastructure support that are beyond the control of the individual farm business.\textsuperscript{132}

\textsuperscript{130} Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010.

\textsuperscript{131} Buloke Shire Council, Submission, Number 2, 17 February 2010.

\textsuperscript{132} Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
Recommendation 18
That the Victorian Government, through the responsible Department, ensure the development of balanced planning schemes and comprehensive industry codes to minimise excessive red tape and ensure current and potential industry is secure to invest in the region.

Investment Support

5.151 Due to the prolonged drought in the Wimmera Mallee, investment support for local business is needed, particularly for those looking to use Pipeline water for diversification purposes. Investment support is also needed to encourage new economic development opportunities that may emerge from access to Pipeline water - such as diversification of existing businesses, local start-ups and investment from outside the region.

5.152 A number of areas in which farmers in the region require investment support were identified through the Public Hearings and Submissions.

5.153 When responding to the terms of reference guideline regarding economic opportunities in the region, witnesses raised difficulties that can arise in financing new ventures. Jennifer Grigg told the Committee:

Finances are critical in going forward with any of those new ventures. You can dream them up but the reality is you have got to find the dollars to get them in place.

5.154 In his evidence to the Committee, Brian Kearns from the Department of Primary Industries spoke about the difficulties faced in attracting investment from outside the region:

While the feedback from the farmers indicated that a lot of our activities with them have been successful, I think there is still more work to be done in terms of investment attraction. I am in the agribusiness of DPI, so for the longer term I will be around and trying to assist with that, but we have not had any major investment from an outside company due to some of the material that we have produced. A lot of that was of course

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133 Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness; Ms Danielle Park, Project Manager, Farm Services Victoria, Department of Primary Industries, Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, Public Hearing, Warracknabeal, 16 February 2010; Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010.

134 Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010.
due to the global financial crisis. I would like to see investment in the region and coming from outside.\textsuperscript{135}

5.155  Ms Park, also from the Department of Primary Industries, made the point that diversification cannot happen without access to capital:

I suspect that that access to capital and then turning around and putting money on the table and having the confidence, both in terms of the industry and also in terms of what is going on climate-wise, will be the determinant of whether or not we see larger diversification in the region.\textsuperscript{136}

5.156  Long-term drought conditions have left many farmers in the region without access to major capital for investment. This has affected their ability to develop their businesses and finance new enterprise, as Mr Kearns points out:

Having gone through, in many cases, certainly in the last six to eight years but sometimes up to about 12 years of returns that have been bad mainly because of yields but also prices, capital is in pretty short supply.\textsuperscript{137}

5.157  Cr Flett spoke about current poor commodity prices hampering enterprise expansion but was optimistic about the future:

The current prices of stock are good and grain is poor, but the farmers’ returns mean that they may not have the available equity or finance to build up a new enterprise to use this water but that will improve over time.\textsuperscript{138}

5.158  Cr McLean also spoke about finance availability restricting industry growth:

Extra intensive industries into the area - I would imagine those will increase as time goes on but at present there are huge restrictions on the availability of finance.\textsuperscript{139}

5.159  Other witnesses told the Committee that investment support should be directed at existing businesses in the region to help with drought recovery and possible expansion:

We have got past thinking that we are going to have a huge investment come from outside the region and jump-start a new

\textsuperscript{135} Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, \textit{Public Hearing}, Warracknabeal, 16 February 2010.

\textsuperscript{136} Ms Danielle Park, Project Manager, Farm Services Victoria, Department of Primary Industries, \textit{Public Hearing}, Warracknabeal, 16 February 2010.

\textsuperscript{137} Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, \textit{Public Hearing}, Warracknabeal, 16 February 2010.

\textsuperscript{138} Mr Harold Flett, Councillor, Mt Jeffcott Ward, Buloke Shire Council, \textit{Public Hearing}, Donald, 17 February 2010.

enterprise. I really think we need to be focusing on supporting existing businesses, building on the strengths of the region and supporting those businesses after 13 years of drought to move forward and think about what the opportunities are.\textsuperscript{140}

5.160 Jo Bourke recommends ‘support to businesses to develop business cases for new initiatives. This support may include access to existing Government business programs, assistance through the statutory planning process, mentoring programs, etc.’\textsuperscript{141} She also recommended forums to help businesses explore potential opportunities.

5.161 The Committee notes that the Wimmera Mallee region faces a number of imperatives that will drive business in the region forward. There is the need to support vulnerable existing business in the region to recover from years of drought as well as the need to encourage new business development.

**Recommendation 19**

That the Victorian Government provide support to business through access to mentoring programs and investment information, and that the Department of Primary Industries continue to provide support to industry through logistical research and information for existing businesses, and for businesses contemplating investing in the region.

**Lessons from the Northern Mallee Pipeline**

5.162 In November 2006, WIDCORP at the Horsham campus of the University of Ballarat published a Report on the impact of the Northern Mallee Pipeline.\textsuperscript{142} This paper was based on a number of reports that had been commissioned to evaluate the Northern Mallee Pipeline\textsuperscript{143} as well as WIDCORP’s own research, including interviews and questionnaires and other written secondary sources.

5.163 In March 2010, the Rural and Regional Committee held Public Hearings in Mildura to gather feedback about the Northern Mallee Pipeline, which had by then been operational for 10 years. These hearings were arranged in order to draw comparisons between the Wimmera Mallee Pipeline and Northern

\textsuperscript{140} Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
\textsuperscript{141} Ibid.
Mallee Pipeline and possibly predict what effect the Wimmera Mallee Pipeline will have after 10 years of operation, as well as what issues may be expected to arise with its use.\textsuperscript{144}

5.164 Both the WIDCORP Report and the Rural and Regional Committee’s Public Hearings returned similar findings. Overall, the Pipeline was considered to be successful and had improved life in the area of security of water supply, increased land for cropping and water for flows to rivers. The Report and Public Hearings also highlighted similar concerns which included loss of recreational water use, loss of on-farm recreational activities like yabbying and swimming, excessive water costs and on-farm set up costs.

\textbf{Economic}

5.165 Overall, the economic benefits of the Northern Mallee Pipeline were considered to be positive according to WIDCORP’s Report, with 66.1 per cent of WIDCORP’s survey respondents saying they ‘believe that the pipeline has improved the region’s economy’.\textsuperscript{145} However, both the on-farm set-up costs and cost of water were considered to be high, preventing ‘diversification of activities’.\textsuperscript{146}

\textbf{Water Security and Quality}

5.166 Both the security and quality of water supply for stock were considered positive benefits as was good quality water for spraying. Increased land for cropping was also considered to be a main benefit. Dean Munro discussed the benefits of the Pipeline:

\begin{quote}
Supply all year round is absolutely sensational. You are not nearly as reliant on the catchments in the Grampians, which were a diminishing thing. Although obviously it has got to rain for the Murray to have water in it too, but it is a certainly a much more secure bit of water.\textsuperscript{147}
\end{quote}

\textsuperscript{144} Hearings were also held at Robinvale where water issues were raised, however these were around broader issues and not specifically related to the Wimmera Mallee Pipeline.

\textsuperscript{145} WIDCORP, \textit{The Northern Mallee Pipeline: Exploring Community Perceptions of its Impact}, November 2006, Report No. 3/06

\textsuperscript{146} Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, \textit{Public Hearing}, Mildura, 02 March 2010.

\textsuperscript{147} Mr Dean Munro, grain farmer; and Committee Member, Walpeup Lake Management Committee, \textit{Public Hearing}, Mildura, 02 March 2010.
5.167 However, little new agricultural enterprise has been developed, partly because of cost (as discussed above) and partly because the capacity of the Pipeline is not considered to be big enough.148

Environmental

5.168 Water for domestic use and gardening was considered a main benefit however less surface water, particularly in dams, was listed as a concern. Loss of wildlife was also a concern.

Social

5.169 A decrease in the levels of community stress and anxiety associated with ongoing drought and its ramifications were widely acknowledged as important factors in improving community spirit and quality of life in the Northern Mallee region.

5.170 On the other hand, the loss of surface water in communities - in dams, recreational parks, sporting fields, lakes and so on - was considered to be a social issue that should not be underestimated. These water sources were essential for much-loved recreational and social activities such as yabbying, swimming and fishing. There was also some concern raised as to inadequate water allocation for recreational parks, sporting fields and lakes.

Regional Organisations

5.171 Development of regional business through investment in agricultural research and development and training and education programs is being encouraged by regional and State Government agencies. These agencies often work together sharing information and resources in order to maximise outcomes. Many of the organisations are funded by State agencies such as the Department of Primary Industries and Regional Development Victoria as well as Federal agencies such as Regional Development Australia.

5.172 Many witnesses and Submissions expressed their support for these regional agencies and organisations.149 Representatives appeared at Hearings and many provided Submissions to the Committee’s Inquiry.

148 Mr Simon Grigg, Member, GWMWater Customer Committee; and President, Walpeup Lake Committee of Management, Public Hearing, Mildura, 02 March 2010.
149 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group; Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association; Mr Brian Kearns,
5.173 The Chair of the Grampians Regional Development Australia (RDA) committee gave this overview of the role of RDAs in rural Victoria:

We were only established late in 2009, so we are still sorting out some of the regional priorities but thought this was a great opportunity to participate in this process for such an important project. The RDA committees have been established by the Federal Government. In Victoria, one of the objectives is to work very closely with both the State and Federal Governments on coordination of services. We also provide advice to government and our priority action for the first period is regional planning.\(^{150}\)

5.174 Ms Gartmann described the Birchip Cropping Group’s relationship with Regional Development Victoria, illustrating how such partnerships can work:

We have had good relationships with Regional Development Victoria supporting some regional events and also supporting us in investigating undertaking feasibility studies for new facilities and accommodation opportunities within our patch - the Wimmera Mallee region. So the relationships have been quite constructive in terms of there is a mutual respect that there is information to be sourced from both parties - from RDV and BCG - and we have been engaged with the regional planning process.\(^{151}\)

5.175 Mr Colin Kemp of the Wimmera Development Association expressed his support for a number of organisations in the region:

We would definitely like to see the funding retained, if not increased, to the Department of Primary Industries, Birchip Cropping Group and other organisations like WIDCORP for research and development partnerships, investment assistance and further research done into the change in land use and labour attraction and training programs.\(^{152}\)

5.176 The work of the Grains Innovation Park in Horsham, the Department of Primary Industries and Birchip Cropping Group is highly valued in the region:

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\(^{150}\) Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.

\(^{151}\) Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.

\(^{152}\) Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.
They have done a raft of good work and that should be seen to continue. Likewise, the success of the Provincial Victoria campaign we would like to see continued and bolstered.153

5.177 Mr Bawden also spoke about the importance of tourism bodies such as the Wimmera Mallee Tourist Association and the Grampians Tourism Group who deserve assistance ‘to foster and promote water and environmentally based tourism here.’

5.178 The Committee recognises that the importance of the work of regional associations, organisations and agencies in the Wimmera Mallee cannot be overstated. In a region with many isolated, some vulnerable, residents and businesses, support by these groups is essential for the region’s survival.

Conclusion

5.179 Since the Rural and Regional Committee conducted Hearings for this Inquiry the State Government has announced its support for construction of the Dooen intermodal freight hub.154 This is a welcome addition to transport needs in the region.

5.180 The State Government’s blueprint Ready for Tomorrow – a Blueprint for Regional and Rural Victoria addresses a number of issues of concern in the Wimmera Mallee as well as more broadly across the State. These include financial support for young farmers, support for regional organisations such as tourism boards and funding for the Regional Infrastructure Development Fund to attract new investment for industrial infrastructure.155

5.181 Also since Hearings were conducted the Essential Services Commission has approved GWMWater’s proposed tariff for the 2010-11 period. GWMWater’s request was for tariff approval for the period 2010-13. The Commission’s decision is a short-term decision pending the State Government’s resolution on a water trading system.

5.182 The lessons that can be learnt from a discussion with farmers, academics, Local Government representatives and the water corporation in the region is that uncertainty and confusion are barriers to the region moving forward. This is particularly at a time when the region has been ravaged by drought and the financial and personal hardship that this entails. Uncertainty creates fear and psychological stress among residents and deters investment in the region.

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5.183 The Committee’s Recommendations to Government throughout this Chapter are a response to the need to ensure clarity and stability in the region. This includes resolving local issues of concern and providing solutions for:

- fixed water prices;
- clear planning schemes and industry codes;
- agreement as to funding for and implementation of firefighting infrastructure; and
- clear support for ongoing improvements to transport and telecommunications infrastructure.

5.184 This Report on the findings of the Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities discussed the November 2006 WIDCORP’s Report156 on the impact of the Northern Mallee Pipeline. The findings of the WIDCORP Report were similar to that of the Rural and Regional Committee’s Public Hearings; the successes of the Pipeline including water security, more land for cropping and increased flows for rivers. It is noteworthy that many of the concerns in that Report are echoed in this Chapter, including loss of recreational water use and on-farm recreational activities, fears of excessive water costs and on-farm set-up costs.

5.185 Support for resolutions to these issues in the Wimmera Mallee can be provided by government through valuable local organisations in the region that are well placed to drive and implement policy solutions. These organisations need to be adequately resourced in order to carry out their work. They include the Wimmera Development Association, the Birchip Cropping Group and WIDCORP.

5.186 Testimony from farmers, councils and representatives of local bodies themselves convinced the Committee of the valuable role of regional organisations in supporting isolated communities, particularly during a time of change.

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Chapter Six

Opportunities for the Wimmera Mallee Region

Introduction

6.1 So far, the Report has examined the history of the development of the Pipeline in the Wimmera Mallee region, the building of infrastructure for the project and the challenges that the region faces to develop its economy using Pipeline water.

6.2 This Chapter looks into the strengths of the region and also identifies industries that are currently thriving in the Wimmera Mallee as well as those that have been suggested as suitable to establish and thrive in the region.

6.3 While the Wimmera Mallee Pipeline area is located in the Southern Mallee, most available information relating to this region and used in this chapter, pertains to the Mallee region as a whole. Where possible, information relating to the Southern Mallee region, or what we have described as the Wimmera Mallee Pipeline region, has been used.

Economic Development Opportunities

6.4 Since the inception of the Pipeline, a number of feasibility studies on regional development benefits and projected opportunities have been undertaken.
These have resulted in the production of reports that assess economic development opportunities for the region.

6.5 They include the Wimmera/Southern Mallee: Intensive Livestock & Grain Processing Prospectus 2008\(^1\) and Wimmera & Mallee Fact Sheets prepared by the Department of Primary Industries; the Wimmera Southern Mallee Drought Report 2007\(^2\), as well as a report from WIDCORP entitled Adapting to and maximising opportunities from water pipeline projects in dryland regions. A review of literature; and a number of interim business case reports prepared in 2003 by the National Heritage Trust.\(^3\)

6.6 The Sustainable Agribusiness Opportunities from the Wimmera Mallee Pipeline project was funded through the Provincial Victoria Growth Fund and ‘sought to capture post pipeline construction opportunities resulting from an increased security of water supply and diversification into higher value enterprises.’\(^4\) This project resulted in the Sustainable Agribusiness Opportunities from the Wimmera Mallee Pipeline Final Report referenced throughout this report.

6.7 This Chapter is essentially an industry capability analysis. It uses information from these reports and fact sheets, combined with transcripts of evidence from the Committee’s Public Hearings in the region along with submissions to the Committee to analyse opportunities for economic development in the region.

6.8 Many witnesses that met with the Committee believe that the economic development opportunities for the region rely on building and supporting existing businesses. On-farm diversification that is occurring includes animal production (such as feedlotting); animal and plant products; and horticulture.\(^5\) Other witnesses suggested that development should focus on the creation of complementary businesses in the region, for example, sheep farming and grain growing. Both are able to exist in a stand-alone capacity yet allow for the creation of synergies through the use of grain as feed for sheep.

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\(^3\) National Heritage Trust/Pipe It, *Wimmera Mallee Pipeline Project Interim Business Case 1,2 & 3*, Melbourne, 2003/4.


Recommendation 20

That the Victorian Government, through the Department of Primary Industries, investigate opportunities for businesses to establish pig, sheep and beef slaughtering facilities in the Wimmera Mallee. This initiative would contribute to the further development of the local economy, the encouragement of these businesses to develop within the region and in the establishment and diversification of these types of local industries. Furthermore, the diversification and establishment of these new industries would significantly contribute to reducing current environmental concerns about food miles travelled by animals in these industries.

6.9 Mr Russell, from Banyandah Indigenous Native Nursery and Tullamore texel sheep stud, described this in a process he called ‘opportunite feedlotting’:

We have gone back to opportune feedlotting cattle. I have done this in the past. I might buy 150 cattle and just pour cheap quality grain or hay through them, very small, but it is a good way to value-add our grain.6

6.10 Ms Bourke, Chair, Regional Development Australia–Grampians region and Project Liaison Officer, Grampians Wimmera Mallee Water, stated that she believes opportunities will not come from investors outside the region starting new enterprise, rather from diversification:

I really think we need to be focusing on supporting existing businesses, building on the strengths of the region and supporting those businesses after 13 years of drought to move forward and think about what the opportunities are.7

6.11 Diversification both creates risk – as infrastructure for new enterprises can be costly, and lessens risk – if multiple enterprises are undertaken, it is likely that at least one will be successful. As John McConville, past Chairman of Donald 2000, told the Committee:

Round here, which I can talk on with authority, they have to have wheat, sheep and cattle, because when the sheep are doing well, the wheat usually is not - so one gets the other through.8

6.12 Diversification practices employed in other countries raise the issue of skills needed for diversification to occur:

There are very few businesses in the primary industries in Chile that are one or two product-focused — grains and livestock. They are extremely diversified. Their farm size from a hectare perspective is much smaller and their skill base and the consultants or support

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6 Mr Peter Russell, farmer, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, Public Hearing, Donald, 17 February 2010.
7 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
8 Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.
that they access is much more diverse. There is a trade-off between having specialist, focused people in this region producing high quality grains with little rainfall and managing profitability, to having the skills and capacity both within the farm business but also within the service sector to support the diversification opportunities.9

6.13 At the Mildura Hearing, where witnesses had seen the effect of the Northern Mallee Pipeline on their region, Ms Grigg, the Director of Business Development, Sunraysia Institute of TAFE, spoke about the lessons learnt there. That experience points to the need to undertake new enterprises with careful planning and research:

History has proven that with diversification in the Mallee in particular, it was not terribly successful for all sorts of reasons. It could have been misinformation or misleading information or the goal of get-rich-quick schemes and it brought a lot of people unstuck, particularly in that northern Mallee region.10

6.14 Witnesses described ‘a range of factors’ as to why more diversification has not occurred in the Northern Mallee region. For example, Dean Munro suggested that the economic downturn over the last five to seven years, and cost of water due to the drought has meant people are not prepared to take the risks that diversification entails.

Recommendation 21

That the State Government support diversification of existing businesses in the region.

This could be achieved by:

a. supporting regional organisations for the purposes of education, research and development and mentoring; and

b. providing support through Regional Development Victoria funding, special programs or partnerships with local organisations.

6.15 The Committee asked a number of questions in relation to clustering, the practice of a number of geographically close businesses connecting in order to increase production. Witnesses spoke of the benefits of clustering, in reference to a number of clusters in the region, including a grains cluster11,

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9 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
10 Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Mildura, 02 March 2010.
11 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
the Grains Innovation Park in Horsham, the Northern Poultry Cluster\textsuperscript{12} and the Buloke Machinery Cluster.\textsuperscript{13}

6.16 In late 2010, the Department of Sustainability and Environment will release the \textit{Western Region Sustainable Water Strategy} which will suggest a framework for water trading in the Wimmera Mallee region. During Public Hearings in the region, the Committee was told that delays in releasing the Final Strategy are causing considerable anxiety amongst farmers and others who will be affected. Once a framework is implemented by government, a potential source of revenue for water customers in the Wimmera Mallee, in the form of selling unused water entitlements, will be available. Recently, unbundling in northern Victoria created some 35,000 water shares with a market value of over $4 billion.\textsuperscript{14}

6.17 Marc Thompson of the Wimmera Catchment Management Authority told the Committee that water rights need to be transferable to take advantage of this economic development opportunity.

The other thing is that if you are looking for economic development, you want to increase efficiencies by directing water to highest value usage and that requires transferable water rights. If people have a right to water and they do not need it, they can lease it or sell it to someone else.\textsuperscript{15}

6.18 Witnesses pointed out that for water trading to take place the system has to have the capacity to move the water around\textsuperscript{16}, there needs to be enough growth water because 'you cannot sell what you have not got' and legislation needs to be in place.\textsuperscript{17}

\textbf{Livestock}

6.19 Intensive livestock production, including piggeries, sheep and beef feedlots, was a suggestion raised by a number of witnesses and Submissions as an economic development opportunity for the Wimmera Mallee region. Now that the major obstacle of access to secure, good quality water has been resolved, the future of this industry seems like a good choice to many.

\textsuperscript{13} Ibid.
\textsuperscript{14} \textit{About the Water Register}, see: <http://www.waterregister.vic.gov.au/Public/AboutUs.aspx>, accessed, 7 July 2010.
\textsuperscript{15} Mr Marc Thompson, Chief Executive, Wimmera Catchment Management Association, \textit{Public Hearing}, Donald, 17 February 2010.
\textsuperscript{16} Mr Stephen Reynolds, Manager, Charlton Feedlot, \textit{Public Hearing}, Warracknabeal, 16 February 2010; Mr Simon Grigg, Member, GWMWater Customer Committee, \textit{Public Hearing}, Mildura, 02 March 2010.
\textsuperscript{17} Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, \textit{Public Hearing}, Warracknabeal, 16 February 2010.
6.20 The Sustainable Agribusiness Opportunities from the Wimmera Mallee Pipeline project commissioned four separate reports on intensive livestock – the lamb feedlot suitability study, cattle feedlot site suitability study, broiler farm site suitability study and the piggery site suitability study. All four reports came to the conclusion that the region is suitable for these types of enterprises. The only limitation raised in the reports is that of finding suitable sites and the project concluded that there are numerous suitable areas in the region. The Committee’s view, based on consultations in the region, is that lack of capital is also likely to be a barrier to further development and in particular, innovation.

6.21 The Department of Primary Industries has also identified intensive livestock production as an economic development opportunity and published a number of fact sheets promoting different types of intensive livestock production.

6.22 The Department of Primary Industries published *Wimmera/Southern Mallee Intensive Livestock and Grain Processing Prospectus* lists ‘10 great reasons to locate intensive livestock production or grain processing in the Wimmera-Southern Mallee’. These are:

- the region is the main supplier of cereals, oilseeds and pulses in Australia;
- it is the preferred location in the State of Victoria for intensive livestock development;
- established feed mills service the intensive livestock sector;
- the region boasts modern industrial sites;
- a number of meat processing establishments;
- established transport routes;
- suitable climate;
- supportive networks and coordinated assistance;
- the region has highly liveable cities; and
- water - a new development, the Wimmera Mallee Pipeline.

6.23 Cr Flett from Buloke Shire Council told the Committee why he thought intensive livestock production is the preferred method of animal finishing:

The old days of somebody running 20 or 30 sows, fattening the progeny and making a good living are well gone. You have got to be big, you have got to be well set up, highly knowledgeable of the

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whole industry and make the best you can out of that small margin.\textsuperscript{22}

**Dairy**

6.24 The *Sustainable Agribusiness Opportunities from the Wimmera Mallee Pipeline Final Report* concluded that sites identified at Taylors Lake and St Arnaud in the Wimmera would be ideal for dairy enterprises.\textsuperscript{23} The Wimmera was chosen on the basis of cheap land, abundant feed and adequate space away from residential areas: all factors making it a suitable area for location of dairy enterprises. Feasibility would depend on adequate growth water being available.

6.25 Experts such as Professor Rob Wallis, an Environment and Education consultant, have suggested that:

... such a venture would struggle to proceed. You would, for a start, need a highly intensive set-up to produce an economy of scale for transporting and processing milk. My knowledge of the dairy businesses in the south west suggests companies would be loathe to make such an investment in an area with low rainfall.\textsuperscript{24}

6.26 Professor Wallis noted that he was unaware of any cost benefit analysis produced for such a venture in the region. Professor Wallis’s views do not support dairy possibilities in the region. These views are backed up by the organisations United Dairy Farmers and the Victorian Farmers Federation.

6.27 At the Committee’s Hearings discussion around other issues associated with the dairy industry such as transport and processing capability was very limited.

**Beef and Sheep Feedlots (Lotfeeding)**

6.28 The Meat and Livestock Association of Australia gives this definition of lotfeeding:

an intensive form of animal production where groups of animals are placed in yards or enclosures of a minimum size consistent with animal health and comfort and fed high quality feed rations to achieve optimal rates of liveweight gain.\textsuperscript{25}

6.29 The industry describes a number of benefits of this type of animal finishing including: the ability to finish animals when pasture feed is low in quality

\textsuperscript{22} Cr Harold Flett, Councillor, Mt Jeffcott Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010.


\textsuperscript{24} Professor Rob Wallis, former Pro Vice-Chancellor (Rural and Regional) and former Head of the School of Ecology & Environment, Deakin University, Personal Communication, July 2010.

6.30 Despite some reports of decreasing stock numbers in the region, a number of witnesses and Submissions have identified feedlots as a potential growth industry. The reasons for this are proximity to grain, good transport links and ‘suitable land and buffer zones’.

6.31 Witnesses also state that the area is now ideal for stock because of the higher quality water. Grain farmer Dean Munro said ‘stock absolutely love the new water’.

6.32 Not every witness was positive about the development of feedlots. Dr McRae-Williams, then-Research Director, University of Ballarat, told the Committee:

Not many farmers actually want a feedlot. It is not part of what we do. We are predominantly dryland wheat farmers here and we are not really interested in livestock. We have been trying to get out of them for a really long time because they tie us down.

Recommendation 22
That the Victorian Government commission a locally based research body to undertake research into the viability and expansion of feedlotting in the Wimmera Mallee region.

26 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Kerryn Shade, Chief Executive Officer, Horsham Rural City Council; Mr Stephen Reynolds, Manager, Charlton Feedlot; Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010; Mr Peter Russell, farmer, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, Public Hearing, Donald, 17 February 2010; Horsham Rural City Council, Submission, Number 1, 12 February 2010; Buloke Shire Council, Submission, Number 2, 17 February 2010; GWMWater, Submission, Number 9, 31 March 2010.

27 Mr Stephen Reynolds, Manager, Charlton Feedlot; Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, Public Hearing, Warracknabeal, 16 February 2010; Regional Development Victoria, Submission, Number 4, 15 March 2010.

28 Regional Development Victoria, Submission, Number 4, 15 March 2010.

29 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010; Regional Development Victoria, Submission, Number 4, 15 March 2010.

30 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group; Mr Stephen Reynolds, Manager, Charlton Feedlot, Public Hearing, Warracknabeal, 16 February 2010; Mr Des Wood, farmer, broadacre farm and intensive piggery, Laen; Mr Harold Flett, Councillor, Mt Jeffcott Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010; Mr Dean Munro, grain farmer; and Committee Member, Walpeup Lake Management Committee, Public Hearing, Mildura, 02 March 2010.

31 Dr Pam McRae-Williams, Research Director, University of Ballarat, Horsham campus, Public Hearing, Warracknabeal, 16 February 2010.
**Beef Feedlots**

6.33 Beef feedlots were suggested by a number of witnesses and submissions as an economic development opportunity. The Department of Primary Industries has produced a fact sheet on beef feedlotting which suggests beef feedlotting as an opportunity for on-farm diversification. The document provides a guide to marketing, economic, legal and production considerations for starting a feedlotting enterprise in the Wimmera Mallee region.

6.34 Another more recent Department of Primary Industries produced fact sheet on Victoria’s beef industry tells us that the Victorian beef industry is currently valued at $1.23 billion and in 2009, beef cattle numbers were at 2.18 million.

6.35 The Department of Primary Industries also produced the *Wimmera Mallee Intensive Livestock Economic Analysis Tool* which analyses the profitability of ‘potential investments in lamb finishing, cattle feedlotting, pig production and poultry production.’ Brian Kearns from the Department of Primary Industries regional office also spoke about land use maps that will help with planning for intensive livestock.

6.36 The manager of the biggest employer in the Buloke region, Charlton Feedlot’s Stephen Reynolds, described to the Committee the advantages of Charlton Feedlot’s location which also included a dry climate and sparse population in the region:

> Cattle supply is good, particularly to the south of us and although there is a freight component for bringing cattle out of the Western District or southeast South Australia, the major competitors for those cattle, being other feedlots, are in the Riverina. So we have a distinct freight advantage that the cattle have to drive past us to get to our competitors, which means we will be able to pay less for the cattle or we can pay more and buy the specific cattle we want. So that works well.

> In this area we are centrally located to a number of export works, there being a couple in South Australia, in Melbourne or in the Riverina. There is a bit of risk management in building a feedlot here

32 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, *Public Hearing*, Warracknabeal, 16 February 2010; GWMWater, *Submission*, Number 9, 31 March 2010.


in that you have a number of customers that you can send your cattle to.36

6.37 The Buloke Shire Council Submission states production could be doubled at the Charlton Feedlot and the area is ideal for feedlotting as it has readily available feed and a knowledgeable labour force.37

**PROFILE: Charlton Feedlot**

Charlton Feedlot is a 20,000 head licensed capacity feedlot owned by Elders Rural Services Australia.38 Established on an 810 hectare property situated near the township of Charlton in North Central Victoria, Charlton Feedlot is one of the oldest feedlots in Australia still in operation.39

Supplying in excess of 65,000 cattle annually to both domestic and export markets with feeding programs ranging from 60 days through to 150 days40, Charlton Feedlot is the biggest employer in the region, employing around 35 people and paying about $1.5million supporting the community every year.41

At the Warracknabeal Public Hearing, the Committee heard from Mr Stephen Reynolds, Manager of Charlton Feedlot, who spoke about the number of distinct advantages to having intensive animal industries and feedlots in the north west region.

The climate is dry; even in a wet year it is still dry in comparison to many other areas. Being an intensive animal operation, we are environmentally sensitive and the drier, the better to manage that. Again, we are environmentally sensitive and we do not like lot a neighbours and neighbours do not like us. The sparseness of the population is a good thing.42

Mr Reynolds added that the sparseness of the population also allows Charlton Feedlot to co-exist with the community and have minimal effect on their amenity.43

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39 Ibid.
40 Ibid.
41 Mr Stephen Reynolds, Manager, Charlton Feedlot, *Personal Communication*, 16 August 2010.
Sheep

Lamb finishing is the enterprise most likely to expand with the advent of the Wimmera Mallee Pipeline.

Malcolm Harvey, CRF (Colac Otway)\textsuperscript{44}

6.38 The Department of Primary Industries’ \textit{Intensive Lamb Finishing} fact sheet states that ‘in 2003/4, the Victorian lamb industry was valued at $700 million, producing 131,000 tonnes of lamb.’\textsuperscript{45} A more recent fact sheet states that Victoria accounts for 43 per cent of national lamb production and has 17.5 million sheep.\textsuperscript{46}

6.39 Many witnesses and Submissions recommend sheep feedlots and lamb finishing as good economic development opportunities.\textsuperscript{47} The Victorian Farmers Federation Submission recommends intensive lambing as ‘a logical diversification option for farmers’ because of the inverse prices for lamb and grain and because sheep use so much less water than cattle.\textsuperscript{48}

6.40 Mr Kearns told the Committee that the current high demand for lamb is the main factor in making the lamb industry viable in the region:

> The lamb industry is the one where we think the potential is the greatest, mainly because of the demand for lamb internationally and domestically. Farmers have the expertise still, capital costs are lower and water use is suitable as well.\textsuperscript{49}

6.41 Cr McLean spoke about feedlots as diversification opportunities for farmers:

> What we are seeing right now in the sheep feedlotting instance is pretty much an add-on to their current farming systems where they

\textsuperscript{44} Malcolm Harvey, General Manager of Demand, Supply and Marketing from meat processor CRF at Colac quoted in: Victorian Government, \textit{Sustainable Agribusiness Opportunities from the Wimmera Mallee Pipeline Final Report}, Department of Primary Industries, 2009.


\textsuperscript{47} Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries; Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association; Mr Rob Gersch, Chairman, Wimmera Development Association; and Chair, Rural Councils Victoria, \textit{Public Hearing, Warracknabeal}, 16 February 2010; Mr Peter Russell, farmer, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, \textit{Public Hearing, Donald}, 17 February 2010; Victorian Farmers Federation, \textit{Submission}, Number 6, 29 March 2010; Regional Development Victoria, \textit{Submission}, Number 4, 15 March 2010; Horsham Rural City Council, \textit{Submission}, Number 1, 12 February 2010; Bultoe Shire Council, \textit{Submission}, Number 2, 17 February 2010.

\textsuperscript{48} Victorian Farmers Federation, \textit{Submission}, Number 6, 29 March 2010.

\textsuperscript{49} Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, \textit{Public Hearing, Warracknabeal}, 16 February 2010.
might have a stock containment area, they are feedlotting and they are making use of, especially this year, the lower-price grain.\(^{50}\)

6.42 He believes there is an urgent need for government to expedite the sheep feedlot code to deal with biosecurity, ethical and management issues.

6.43 One of the challenges of sheep feedlotting is whether, there are adequate stock numbers in the region. Despite other witnesses concern about low stock numbers\(^{51}\), Cr McLean stated:

A lot more livestock has moved back into the region and that is something that probably is evidenced by, for example, the numbers of sheep going through the Wycheproof saleyards, which is certainly an indication of the amount of stock that is back in the region, because the national flock used to be 170 million and is now only about 70 million and yet, we are probably holding our own in this region.\(^{52}\)

6.44 Dr McRae-Williams told the Committee that in her research she had found that farmers were moving away from sheep into cropping. Another witness told the Committee he gave up running sheep partly because cropping made more financial sense and partly because of the high maintenance involved with running sheep:

You are working all year round instead of having a chance to get a few breathers. It pretty much came down to a lifestyle decision.\(^{53}\)

6.45 The Buloke Shire Council Submission discusses the move away from sheep towards broadacre cropping. However, the Submission is optimistic that the situation may change in the wake of the Pipeline water supply:

A large proportion of farmers have moved out of stock through lack of water over the last couple of years and the pipe will allow this to reverse.\(^{54}\)

6.46 The Committee believes that information should be provided to farmers if they would like to diversify through organisations such as Birchip Cropping Group. Researchers such as Dr McRae-Williams who spoke about farmers’ reluctance to move into this area and others from WIDCORP, could be

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\(^{51}\) Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness; Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater; Ms Danielle Park, Project Manager, Farm Services Victoria, Department of Primary Industries, Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, *Public Hearing*, Warracknabeal, 16 February 2010.


\(^{53}\) Mr Dean Munro, Grain Farmer; and Committee Member, Walpeup Lake Management Committee, *Public Hearing*, Mildura, 02 March 2010.

\(^{54}\) Buloke Shire Council, *Submission*, Number 2, 17 February 2010.
consulted and would be well placed to carry out further research on diversification proposals.

6.47 In terms of encouraging larger feedlot operations such as the Charlton Feedlot, more research is required to find out about the viability of investing in this industry. Factors that will affect this research include the cost of infrastructure, the instability of lamb prices, the supply of skilled labour and the cost of water.

PROFILE: Tullamore Park Texel Sheep Stud and Banyandah Indigenous Native Nursery

At the Public Hearing in Donald, the Committee heard from Ms Elizabeth Russell and Mr Peter Russell, third generation farmers from an 11 square kilometre property on the Richardson River frontage in Donald. They spoke about their farming practices and the difficulties they have faced during the past 10 exceptionally dry years at Donald.

Before the drought, Tullamore ran 3,000 sheep and cropped a couple of thousand acres but when the river stopped running in 1996, Mr Russell was forced to fence it off. Before the Pipeline was installed, Tullamore was piping water at their own expense, seven kilometres from the Donald reservoir. However, as Mr and Ms Russell informed the Committee, this created numerous issues with their livestock because the water was chlorinated and saline levels fluctuated depending on the time of the year.

Mr Russell spoke to the Committee about the day that the Pipeline was turned on:

It was quite amazing the day the pipe came and we turned it on. We cleaned all troughs out and I did not see any sheep drinking water out of the troughs in daylight hours. They were all drinking at night. They weren’t hanging around. It was just amazing and it was just the quality and the cleanness. With the algae before in the town water, I was probably cleaning it out three times. Now, it might be once a fortnight and we just do not get the algae growth; the quality is certainly there. When we were on town water, we were running at about 3,600 ECs out of the salt levels and as soon as the pipe went on, it dropped back to 240 ECs, so it was certainly a fantastic day last February when we turned the system on.

In addition to Tullamore Park texel sheep stud the Russells also run Banyandah Indigenous Nursery. The nursery was established in the early 2000s when according to Ms Russell, the water quality in the region was good. Over the last three years

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55 Mr Peter Russell, farmer, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, Public Hearing, Donald, 17 February 2010.
56 Ibid.
the salt increase in the water supply has meant substantial losses of approximately 20,000 trees.\(^58\)

Since the Pipeline was turned on at the end of February last year, Ms Russell informed the Committee that the improvements have been substantial and fantastic:

The quality of trees is good. The time frame that I can grow trees in now compared to previously is probably reduced by two months, depending on the tree type.

Mr Russell agrees that because of the Pipeline the quality of water is far superior:

Before we were having to add buffers to alter pH levels and things to get the plants to take it up, to improve the quality of water. That is not the case now. We are still adding some but nothing like we were. We were having to test the water, find out the hardness. It is just another thing we do not have to worry about.\(^59\)

Ms Russell believes that many opportunities are now possible with the piped water including hydroponics and market gardening of, for example, vegetables and herbs.\(^60\)

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**Pigs**

6.48 The Department of Primary Industries *Pigs* fact sheet states:

Pork is the world’s most popular meat. More than 40% of all meat consumed in the world is pork, with European countries being the biggest consumers.

Victoria has over 500 pig establishments with a pig population of over 500,000 pigs; contributing 21% of Australia’s total population in 2004/05.

Pork production is a possible diversification opportunity for the region.\(^61\)

6.49 A number of witnesses and Submissions supported pork production as an appropriate economic development opportunity for the region.\(^62\)
6.50 The region’s agribusiness development officer is optimistic about the long-term possibility of attracting the pork industry to the Wimmera because of water security:

The pork industry seems to think it prefers to focus on central Victoria due to water cost and land cost in the Wimmera but we feel that longer term, it may need to look at this region because we have more secure water now.  

6.51 He also stated that availability of feed grain in the region was ideal for piggeries.

6.52 The Inquiry heard from several witnesses that the local pig production industry is now rebuilding after some difficult years. For example, local pig production is now recovering after lack of access to quality water for many years. Another example by Cr McLean is: ‘farmers are now starting to move back into the industry, rebuild, so I think that has further potential for expansion.’ Other reasons for the poor performance of pork production include salinity levels prior to the Pipeline installation, availability of water pre-Pipeline and fluctuations in demand for pork.

6.53 The Woods in Laen and the Sheahans in Nullawil are involved in pig farming in the Wimmera Mallee. Both run intensive piggeries and have pipeline water running to their properties. The quality of the water has been a positive for both businesses. For example, the pigs now consume less water because of the lower salt content of Pipeline water and the effect that has on drinking habits. The security of water supply has also been a boost for business. As Kerry Wood said:

Because of the Pipeline, we have expanded the business in the last 12 months. That resulted in going from 12,000 pigs to 15,000 pigs. From our point of view, we have got a contract for three years with Riverlea at the moment.

6.54 The experience of Des and Kerry Wood on their intensive piggery illustrates the nature of this business and its water needs, as well as the maintenance

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**Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010; Mr Des Wood, farmer, broadacre farm and intensive piggery, Laen; Mr Rick Sheahan, farmer, Sheahan Farms, Nullawill, Public Hearing, Donald, 17 February 2010; Horsham Rural City Council, Submission, Number 1, 12 February 2010; Buloke Shire Council, Submission, Number 2, 17 February 2010; Victorian Farmers Federation, Submission, Number 6, 29 March 2010; Regional Development Victoria, Submission, Number 4, 15 March 2010.**

63 Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, Public Hearing, Warracknabeal, 16 February 2010.

64 Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010.

65 Ms Kerry Wood, farmer, broadacre farm and intensive piggery, Laen; Mr Rick Sheahan, farmer, Sheahan Farms, Nullawill, Public Hearing, Donald, 17 February 2010.

66 Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, Public Hearing, Donald, 17 February 2010.

67 Mr John McConville, Past Chairman, Donald 2000, Public Hearing, Donald, 17 February 2010.

68 Ms Kerry Wood, farmer, broadacre farm and intensive piggery, Laen, Public Hearing, Donald, 17 February 2010.
and work practices required to make the best use of scarce resources. It also shows how one farm relies on other businesses in the region for their sustainability and development.

6.55 Des Wood talked about work practices on the Woods broadacre farm and intensive piggery in Laen:

We started contracting with Riverlea in 1995 with us putting up infrastructure to take pigs at eight weeks at 24 kilogram weights. We then drive the pigs out to baconers at 20 weeks and sell them all. They supply all the pigs and the feed; we just maintain and keep them going. We have got four units at the moment, the pigs are bed on straw and they are in sort of igloo-type setups. We have got the photos here. At the moment we are running 50,000 pigs, and that produces about 50,000 baconers a year.

The water usage on those pigs in the spray lines is a minimum of 44 megalitres — that does not include farm stock, sprays and what have you. At the moment, we are currently employing three full-time and eight casual staff. Just looking at who we support in the local area, there are 18 businesses that we need to keep the operation going.

We also need straw for the bedding for the pigs. At the moment, we are needing 6,000 rolls or 2,000 tonnes of straw from 12 local farmers within a radius of about 43 kilometres. That produces about 1,700 tonnes of manure, which we then return back to the farmers and it is used as fertiliser. We get their straw for bedding and they get the fertiliser; we are finding that is working well. We need about 11,000 tonnes of feed, which is delivered - it is about 266 feed deliveries over 12 months.

We are proud of our maintenance, good management and work practices. All the feed is computerised; all the water systems are computerised. Our drinkers are designed so the water is not wasted; they are a sort of bowl-type, so any water that is spilt is caught and the pigs actually drink it and there is no waste at all.  

Poultry

6.56 A number of witnesses and Submissions stated that poultry farming presents a good economic development opportunity for the region.

69 Mr Des Wood, farmer, broadacre farm and intensive piggery, Laen, Public Hearing, Donald, 17 February 2010.

70 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010; GWMWater, Submission, Number 9, 31 March 2010; Horsham Rural City Council, Submission, Number 1, 12 February 2010; Victorian Farmers Federation, Submission, Number 6, 29 March 2010.
6.57 The Department of Primary Industries *Poultry* fact sheet\(^71\) provides this comprehensive overview of the poultry industry in Australia and Victoria:

In 2004/2005 the gross value of production in Australia for the chicken meat and egg industries was estimated at approximately $1.3 billion and $333 million respectively, of which Victoria contributes 25-30%. Poultry meat is now the most consumed meat in Australia and was estimated to have a retail value of $2.5 billion in 2004/2005. The consumption of eggs in Australia was 163 per person in 2005. Over 50 million dozen eggs were produced in Victoria in 2003.

The Victorian chicken meat industry is predominantly located on the Mornington Peninsula, the Bellarine Peninsula and near the Bendigo area. The majority of chicken meat is grown by vertically integrated companies which either own or directly control each stage of production from the breeding and hatching of chicks through to the processing and marketing of the final product. The Wimmera has Australia’s largest duck producing establishment at Nhill.

Three large companies supply about 80% of Australia’s broiler chickens and account for 65% of Victoria’s production: Inghams Enterprises, Bartter Enterprises and Baiada Poultry. La Ionica Farms and Hazeldene Chicken Farms Pty Ltd are Victorian owned companies and account for a further 33% of Victorian production. Several relatively smaller companies supply the balance of the market.

6.58 The Northern Poultry Cluster has been set up to encourage and develop opportunities for the poultry industry within Bendigo and the shires of Campaspe, Loddon and Buloke.\(^72\) The Buloke Shire Council Submission states the region is an ideal location for the poultry industry as it is a large area with a low population base making it ideal for positive biosecurity outcomes. The region has skilled, experienced labour and some local farmers are currently looking to diversify into this industry.

6.59 Cr McLean says these opportunities may come about due to the industry moving out of traditional areas such as the Mornington Peninsula.

6.60 Cr Flett told the Committee that only larger operations are now viable in this industry:

> Running a couple of hundred chooks and selling eggs - that has gone. You have got to be big, you have got to be well set up, highly knowledgeable of the whole industry and make the best you can out of that small margin.\(^73\)

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Different kinds of poultry (other than chickens) were suggested, such as turkeys, as Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, stated:

With the poultry industry, both the duck and turkey industries think the region has great potential; the broiler industry less so, mainly because the size of their sheds are increasing from something like 320,000 head to 700,000 head plus.

Agriculture and Agribusiness

Victoria is home to 25 per cent of the nation’s farms and Victorians produce 30 per cent of the nation’s agricultural product.

Agriculture, most particularly broadacre dryland cropping, has long been established in the Wimmera and Mallee and that the area is the ‘prime grain growing region of Victoria.

Value adding is the processing of a raw material in order to increase market value. In a region where primary production takes place, further processing of locally produced products to some degree was suggested to the Committee as a logical economic development opportunity. The level of processing and the associated benefits vary widely between industries. The main suggestions for how value adding might take place in the region include: grain milling and malting, pellet and feed production, as well as poultry and livestock slaughter and processing. There are examples of each of these industries already operating within the region.

Food Processing

Food processing, including meat processing and grain processing, was suggested as an economic development opportunity because of the presence of large primary agricultural industries in the region.

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74 Mr John McConville, Past Chairman, Donald 2000; Mr Harold Flett, Councillor, Mt Jeffcott Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010.
75 Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries, Public Hearing, Warracknabeal, 16 February 2010.
76 Victorian Farmers Federation, Submission, Number 6, 29 March 2010.
77 Victorian Government, Wimmera and Mallee Fact Sheet, Department of Primary Industries, 2008.
78 Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Dr Pam McRae-Williams, Research Director, University of Ballarat, Horsham campus; Mr Brian Kearns, Senior Regional Agribusiness Development Officer, Department of Primary Industries; Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
6.66 Witnesses\(^79\) spoke about one local success story, that of Luv-A-Duck which produces 98 per cent of Victoria’s duck meat and is the largest duck producing company in Australia.

**Grain Processing**

6.67 Grain milling and grain malting were suggested\(^80\) as other economic development opportunities.

6.68 The Horsham Rural City Council Submission gave reasons why it thought grain processing would be suitable:

> The region is a major producer of a wide variety of crops and has ready access to transport routes to markets. With improving technology and crop varieties coupled with these water savings, this presents an opportunity to build upon the already significant grain processing businesses in the region. New grain milling and grain malting companies have shown interest in establishing in our Municipality.\(^81\)

6.69 The *Wimmera Mallee Pipeline Prospectus* listed established feed mills and ‘Modern industrial sites with services available, in Horsham and other Wimmera/Mallee towns for grain or meat processing’ as reasons to locate intensive livestock production to the region.

6.70 The Chair of the Grampians region Regional Development Australia Committee, Ms Bourke, told the Committee that the grain sector should be a focus of development in the region:

> I really think that the opportunities in the region are based around the strength of the grain sector. That is what we need to build on, to diversify and spread the risk of those.\(^82\)

6.71 Ms Bourke gave the example of Wimmera Grain in Rupanyup as an established, successful business which exports local product.

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\(^79\) Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater; Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.

\(^80\) Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council; Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010; Horsham Rural City Council, Submission, Number 1, 12 February 2010; Victorian Farmers Federation, Submission, Number 6, 29 March 2010.

\(^81\) Horsham Rural City Council, Submission, Number 1, 12 February 2010.

\(^82\) Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.
Recommendation 23
That the Victorian Government undertake an industry capability assessment for value adding to grain in the Wimmera Mallee region.

Abattoirs

6.72 Abattoirs are currently located in the Wimmera Mallee towns of Horsham, Stawell, Swan Hill and Robinvale. Ms Gartmann told the Committee that abattoirs and meat processing are a good way of adding value in the livestock industry but warns that increasing skills in the workforce would be needed for this to happen.

6.73 Cr McLean told the Committee about the potential expansion of a local abattoir, although he did not nominate a location for this to occur:

We do have an abattoir that is being spoken to at the moment. It is one that has already been set up here and I know some people have been making some inquiry about it, which will create more employment and more opportunities in the region.83

6.74 Other witnesses did not support abattoir development due to the ‘cyclical’ nature of the industry.

6.75 Richard Sheahan described the food miles that the pigs he breeds travel to arrive at his intensive piggery at Nullawil and onwards:

Mr SHEAHAN - It is an interesting fact: at the moment my pigs come from Little River down near Geelong. They get brought to me and then they get carted all the way to Port Wakefield.

Ms DARVENIZA - Where is that?

Mr SHEAHAN - That is over the other side of Adelaide. They get slaughtered, then they are carted back to Sydney to be sold. So you worry about the water but it is mind-boggling what happens to the animal itself. Talking about carbon footprints and all this type of jazz, it is just unbelievable what they do.

The Committee notes this situation may in fact provide an opportunity to cut down on the food miles that are travelled during a pig’s life cycle. This could occur through the establishment of a slaughterhouse for pigs in the region.

Feed Milling and Pellet Manufacturing

6.76 In both the Wimmera and Mallee regions, established feed milling and pellet manufacturing businesses, established at St Arnaud and Horsham, service the agricultural sector and were suggested as opportunities for development by witnesses and in Submissions.

Horticulture

6.77 As a result of the Pipeline, 20,000 megalitres per year of recovered water is going towards new enterprises in the Wimmera Mallee. This has enabled farmers to diversify into new horticultural enterprises (as well as new value-added stock), such as growing tomatoes in greenhouses.

6.78 The Wimmera & Mallee Fact Sheet gives this overview of horticulture in the region:

Local horticultural growers produce high quality product for the fresh and processed product domestic and international markets. The district growers have the ability to supply fresh markets at both ends of the season – summer through to early autumn. Large fruit and vegetable concentrate manufacturers operate in the Mallee. Irymple Citrus Products produce 30,000 tonnes of carrots annually, and export an estimated 85% of their product to Japan.

6.79 The region is known for: apples, stone fruit, citrus, tomatoes, cereal cropping, grapes, olives, nuts and wine grapes.

6.80 While many witnesses suggested horticulture as an economic development opportunity, the amount of water used was considered by some as excessive. The Sustainable Agribusiness Opportunities from the Wimmera Mallee Pipeline Final Report found horticultural enterprises use high quantities of water, particularly as larger sized operations are needed for economies of scale. The Victorian Farmers Federation also took this view:

The magnitude of water demand for horticulture purposes will probably make any large scale production in the region unviable.

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84 Victorian Government, Wimmera and Mallee Fact Sheet, Department of Primary Industries, 2008.
85 Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council, Public Hearing, Donald, 17 February 2010; Buloke Shire Council, Submission, Number 2, 17 February 2010; Victorian Farmers Federation, Submission, Number 6, 29 March 2010.
87 Promoting Victorian produce: the Wimmera and Mallee, including Loddon and the Central Highlands, see: <http://www.dpi.vic.gov.au/dpi/nrenfa.nsf/LinkView/45045B128A86BBBCA2573F50003DF01AF0F8FBCCA4EBE56CA256EDF000B0A8>, accessed 22 April 2010.
6.81 As Jo Bourke of Regional Development Australia told the Committee, outside investment could be limited by certain factors:

> There is nothing stopping that type of investment but you really have to look at an external investor coming in and looking across the state at where they are going to invest that. It is unlikely that they are going to invest it in the Wimmera Mallee when they have all the support services, transport links to markets and the supporting businesses in other regions in the state. I am not saying it will not happen; I am just saying it is less likely.88

6.82 Notwithstanding these views, the Committee heard many suggestions of economic growth opportunities in horticulture, particularly diversification by farmers and evidence of many different successful horticultural enterprises which currently exist throughout the region.

6.83 In their Submission, the Northern Grampians Shire Council talked about promoting food production in the area and the part that it plays in the Wimmera Mallee Sustainability Alliance89, an alliance of six councils to address sustainability issues in the region.90 The Council said increased food production in the area would create employment, encourage efficient land use and promote sustainability for the population.

6.84 Horsham Rural City Council suggests particular horticultural activities that could be pursued in the region in their Submission:

> Opportunities in selected horticultural pursuits utilising modern irrigation techniques eg. olives, wine grapes and blueberries.91

**Recommendation 24**

That the Victorian Government commission a local research organisation to investigate the viability of the Wimmera Mallee Sustainability Alliance’s proposal to promote food production in the region.

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**Small Unit and Niche Business Opportunities**

6.85 Many small unit and niche businesses exist in the Wimmera Mallee region. These are often enterprises which people have a passion for:

> A lot of farmers we talk to say, ‘I’d like to put in a little bit of this; I would like to have a’ - as one guy said - ‘little bit of a turf farm here

88 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, *Public Hearing*, Warracknabeal, 16 February 2010.
90 Ibid.
91 Horsham Rural City Council, *Submission*, Number 1, 12 February 2010.
and I could supply turf to the local towns. It is not going to be a big money-maker but it would be a cash flow that I would enjoy doing’. It is small things like that, in a sense. That is just one example but it is those types of activities where they have a bit of a passion for something.\footnote{Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, \textit{Public Hearing}, Warracknabeal, 16 February 2010.}

6.86 In this context Dr McRae-Williams spoke about developing lifestyle farms as ‘small-scale productive units there that might just add value to the region.’\footnote{Ibid.}

6.87 This was supported by Ms Gartmann, the Chief Executive Officer of the Birchip Cropping Group, who stated:

We believe that there are opportunities for water to be used for lower water-utilising horticulture crops from a niche perspective.\footnote{Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, \textit{Public Hearing}, Warracknabeal, 16 February 2010.}

\subsection*{Hydroponics}

6.88 Hydroponics were recommended as an economic development opportunity by witnesses.\footnote{Cr Reid Mather, Chairperson, North West Municipalities Association; Ms Elizabeth Russell, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud; Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council, \textit{Public Hearing}, Donald, 17 February 2010; Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, \textit{Public Hearing}, Mildura, 02 March 2010.} For example, research and development into hydroponics, particularly in conjunction with solar power was suggested.\footnote{Cr Stuart McLean, Councillor, Lower Avoca Ward, Buloke Shire Council, \textit{Public Hearing}, Donald, 17 February 2010.}

6.89 Mr Russell told the Committee his thoughts on hydroponics:

We went through a hydroponically grown herb farm at Phillip Island and I could see it is a lightweight thing. For a truckload, the freight would not be an issue because you can get so much in. If I was not in farming and I was younger and more excited, I really think somebody could have a go at it.\footnote{Mr Peter Russell, farmer, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, \textit{Public Hearing}, Donald, 17 February 2010.}
Viticulture

6.90 More than 80 per cent of Victoria’s grapes are grown in the Mallee\(^{98}\) with wine grapes described by the Department of Primary Industries as a ‘key product’ of parts of the Mallee region.\(^{99}\) Access to wine grapes combined with fertile soil makes parts of the Wimmera Mallee ideal for viticultural development and there are a number of established wineries operating in the broader region.\(^{100}\) However, as discussed in Chapter 3 at 3.29, data that looks specifically at the Wimmera Mallee Pipeline region was not available at the time of printing this report. Furthermore, the majority of the Mallee’s vineyards are located outside the region serviced by the Wimmera Mallee Pipeline.

6.91 A 2003 report on future investment in the region found potential for growth in the Great Western Area (where the Seppelt Great Western winery is located), upper Wimmera catchments and southeast of Horsham in Lower Norton.\(^{101}\)

6.92 A later study by Sinclair Knight Merz which investigated the feasibility of establishing wine grapes in the Lower Norton area was referred to in submissions.\(^{102}\) The Horsham Rural City Council Submission urges that this proposal be revisited:

This examined land suitability, environmental issues, irrigation supply options, cultural heritage and implementation costs. Two vineyard developments have already established in this area, one of which make and market their own wines very successfully (Norton Estate). No progress has been made on this proposal and the completion of the pipeline presents an opportunity for this to be revisited.\(^{103}\)

6.93 The Chair of the Regional Development Australia–Grampians region Committee is cautiously optimistic about the future of viticulture in the region. Ms Bourke told the Committee about interest in diversification into viticulture:

There is quite a bit of interest in viticulture production from already established businesses in the region. That needs to be balanced, I think, with the problems that sector has in the market. Also, this

\(^{98}\) Promoting Victorian produce: the Wimmera and Mallee, including Loddon and the Central Highlands, see:


\(^{100}\) Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010.

\(^{101}\) National Heritage Trust/Pipe It, Wimmera Mallee Pipeline Project Interim Business Case Volume 1, November 2003.

\(^{102}\) Horsham Rural City Council, Submission, Number 1, 12 February 2010; Northern Grampians Shire, Submission, Number 11, 03 May 2010.

\(^{103}\) Horsham Rural City Council, Submission, Number 1, 12 February 2010.
region is renowned for the quality of wines grown and that may well be an opportunity going forward.\textsuperscript{104}

6.94 In GWMWater’s Submission, they describe how water was used in a different region in the viticulture industry and led to the creation of jobs:

The Ararat-Great Western reuse scheme - In this development, we worked with a number of viticulturists to provide infrastructure that supplies re-use water from Ararat to five different wineries in the region. The project delivers up to 600ml of re-use water which has resulted in a doubling of vineyard capacity and has created 80 jobs and earned an extra $20M in premium wine exports.\textsuperscript{105}

6.95 Research into pesticides in Australian viticulture has investigated possible endocrine disruptors in the waste water used on the vines and their persistence and possible introduction into the final product. However, the likelihood of such contamination was found to be low and the use of this recycled water is hailed as an example of the excellent re-use of a limited resource.\textsuperscript{106}

6.96 Viticulture can also be used to attract tourists to the region, with visits to cellar doors a popular tourist pastime and the participation of wineries in food and wine festivals. An example of this is Seppelt Great Western’s participation in the Grampians Grape Escape Festival 2011 where visitors can ‘take a tour of the intricate system of wine cellar tunnels dug by miners in the 1860s and 1870s.’\textsuperscript{107}

6.97 The Pyrenees Shire Council Submission deals exclusively with a proposal for the sale of growth water from the Wimmera Mallee Pipeline into the Landsborough Valley.\textsuperscript{108} The project is known as the Landsborough Valley Water Supply Pipeline and aims to supply water for vineyards in the region. Vigneron in the Landsborough Valley initiated the project. In the Submission, the value of output for the Grampians Pyrenees region is cited as $159 million in wine manufacturing, and the sector employs 234 people.

6.98 Regional Development Australia’s Submission also supports diversifying into viticulture.\textsuperscript{109}

6.99 However, according to the Wine Grape Growers of Australia, the peak industry body for Australia’s wine grape growers, the Australian wine industry is enduring its toughest period in two decades. They argue that:

\textsuperscript{104} Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, \textit{Public Hearing}, Warracknabeal, 16 February 2010.

\textsuperscript{105} GWMWater, \textit{Submission}, Number 9, 31 March 2010.


\textsuperscript{108} Pyrenees Shire Council, Submission, Number 8, 31 March 2010.

Comprehensive analysis and consultation suggests at least 20% of bearing vines in Australia are surplus to requirements, with few long-term prospects. On cost of production alone, at least 17% of vineyard capacity is uneconomic.

The problems are national – although some regions are more adversely affected – and are not restricted to specific varieties or price points.

6.100 The Committee is concerned that more research be done as to the viability of this industry in view of the oversupply of wine grapes in Australia and subsequent low selling prices.

Flower Growing

6.101 Wildflower and cut flower industries exist in the region and witnesses spoke about the opportunity of diversifying into flower farms.

6.102 Colin Kemp told the Committee about a local farmer with a successful flower growing business:

One gent was growing asparagus. He is the one who has now gone into the flowers. He rang me again this morning while we were at the farm wanting to talk about how he can expand that flower operation. He put in a hail-proof shelter and a dripper system to get his plants in this year and he has paid for it all in the first year so he is looking to expand. We need to get a few more doing that.

6.103 Flower growing is viable as a horticultural industry and also attracts tourists. The Grampians Tourism Board describes how flower growing encourages tourism in the region:

Our agency has been aware of the wholesale wildflower market operating in the Laharum and Brimpaen districts and of the fact that they open up their operations to the coach market for organised tours. More water should provide opportunities to expand these operations.

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112 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater; Mr Jeff Rigby, Managing Director, GWMWater, Public Hearing, Warracknabeal, 16 February 2010; National Heritage Trust/Pipe It, Wimmera Mallee Pipeline Project, Interim Business Case – Volume 1, November 2003.
113 Ms Danielle Park, Project Manager, Farm Services Victoria, Department of Primary Industries; Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.
The Committee notes the rise of nature-based tourism and agribusiness, as discussed in the Tourism section below and encourages support for flower growing and selling as part of regional tourism campaigns.

**Olives**

Olive growing is recommended as a desirable economic opportunity. Olive growing is a proven crop in the Mildura area, and Jennifer Grigg advised the Committee that ‘there is lots happening with market-driven demand for olives’.

According to the Department of Primary Industries *Wimmera & Mallee Fact Sheet*: ‘Significant quantities of olive oil are produced in the Wimmera Mallee’ with a number of companies also processing and bottling their own oil in the Wimmera Mallee.

**Tree Crops**

Witnesses spoke about current business exploring diversification into tree crop growing. Ms Gartmann suggested the oil mallee tree as a suitable tree crop for the region as it can produce ‘carbon opportunities, electricity opportunities and oil’. Furthermore, the trees have a high production rate with minimal irrigation needs.

Elizabeth Russell spoke about her business experience of diversifying into growing trees and how the Pipeline’s low-salinity water has improved her business:

I diversified from the farm about nine years ago and went into a native indigenous nursery with growing capacity for about 300,000 native indigenous trees for the region. It went along quite all right. The water quality started out all right in the early 2000s but the water quality over a period of time with the increased salt had got quite high and there were substantial losses of about 20,000 trees in the past three years.

Since the end of February last year, we went onto the Pipeline and the substantial improvement has been fantastic. The quality of trees is good. Mind you, I lost a lot of clientele because of the stock I

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118 Dr Pam McRae-Williams, Research Director, University of Ballarat, Horsham campus, *Public Hearing*, Warracknabeal, 16 February 2010; Mr Adam Campbell, farmer, Springlake Pty. Ltd., *Public Hearing*, Donald, 17 February 2010.
119 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, *Public Hearing*, Warracknabeal, 16 February 2010.
provided earlier due to the quality of water, so the amount that I grow now is probably 100,000 trees compared to 300,000 trees, so there has been a substantial loss of income. The time frame that I can grow trees in now compared to previously is probably reduced by two months, depending on the tree type.120

6.109 Mr Grigg, in contrast, spoke about his experience with growing trees in the Northern Mallee Pipeline area, where the price of water made the business unviable.

6.110 The Committee notes the differing experiences of witnesses who have farmed trees in the region. Comprehensive research is required on the viability of tree crops as an economic development opportunity. More research by an organisation with knowledge on this topic, such as the Birchip Cropping Group, would be useful, particularly in looking at water costs. CO2 Australia has been growing oil mallee trees and the Future Farms CRC and CSIRO have undertaken research that is relevant to this region.121

Nuts

6.111 Nuts grown in the Mallee, most notably almonds and pistachios, form ‘a significant proportion of Victoria’s nut production’.122 In 2003/04, 3,800 tonnes of almonds were produced in the region and an estimated 41 per cent of Australian pistachios are grown in the region.123

Other Niche Opportunities

6.112 The Department of Primary Industries Wimmera & Mallee Fact Sheet lists a number of diverse niche businesses already in operation. These include herb production, goats grown for meat in the Wimmera and pheasant in the Mallee.124

6.113 Suggestions by witnesses of other niche industries suitable for the region include rabbit, quail, squab, turf, blueberries, garlic production, malt production, pomegranates and aquaculture.

6.114 The Victorian Farmers Federation Submission suggestions include a malt house, noodle factory, niche food processing of rabbits, quail, pigeon, and a tanning plant.

6.115 The Chief Executive Officer of Birchip Cropping Group, proposed looking at new methods learnt from other countries with similar arid environments:

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120 Ms Elizabeth Russell, Banyandah Indigenous Native Nursery and Tullamore Park Texel Sheep Stud, Public Hearing, Donald, 17 February 2010.
122 Victorian Government, Mallee Fact sheet, Department of Primary Industries, 2006.
123 Ibid.
I have been involved with some Western Australian programs that were looking at some of the horticultural production practices in Israel with asparagus and a range of other crops that will often take high-saline-quality water and very low but high technology infrastructure to feed those crops in essentially a desert or arid environment. I believe there is so much to be learnt from the food production strategies that are in place in the Middle East.  

Recommendation 25
That the State Government continue to fund agricultural research and development examining food production strategies in arid environments.

Recommendation 26
That the Victorian Government commission a local research organisation to investigate the viability of niche business opportunities such as olives, tree crops, flower growing and nut production.

**Tourism**

6.116 According to Tourism Victoria in 2007-08, the combined direct and indirect contribution of tourism to Victoria’s economy was estimated to be $15.8 billion or 5.9 per cent of Gross State Product. The value of the tourism industry to a diversified economy in rural and regional Victoria is discussed at length in this Committee’s Report: *Inquiry into Rural and Regional Tourism Final Report 2008*. It remains an industry that should be well supported by government.

6.117 Tourism in the Wimmera Mallee region is currently promoted by the Grampians Tourism Board and the Wimmera Mallee Tourist Association. Several councils are pushing for a new regional tourist body to be established, as Mr Campling from Yarriambiack Shire Council told the Committee:

> Progress has been made on the development of an appropriate regional tourism structure for the Wimmera Mallee that should lead to the development and implementation of an effective tourism marketing strategy. The shires incorporated in this obviously include

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125 Ms Alexandra Gartmann, Chief Executive Officer, Birchip Cropping Group, Public Hearing, Warracknabeal, 16 February 2010.
Yarriambiack, Northern Grampians, Buloke, Hindmarsh and West Wimmera.\textsuperscript{128}

6.118 The Councils commissioned Tourism Alliance Victoria to undertake ‘a study of the Wimmera Mallee’s tourism capacity and potential’\textsuperscript{129} which recommended a new tourism body be formed.

6.119 This development is supported by Councils in the region. Ray Campling said:

\begin{quote}
I am very buoyed about the development of this new tourism body. Hopefully down the track, we will become part of the Victorian Jigsaw. The reality is that we are connected with Mildura and we cannot really relate to that and also the Grampians, which we are not relevant to. In the Buloke-us-Hindmarsh-West Wimmera area, we are unique and I think there is the opportunity there.\textsuperscript{130}
\end{quote}

**Recommendation 27**

That the State Government, through Tourism Victoria, examine the need for a localised tourism body in the Wimmera Mallee.

6.120 The Wimmera Mallee Pipeline itself was seen as a focus of interest in the region and which could be further developed. Tony Bawden from Horsham Rural City Council suggested an interpretive centre about the Wimmera Mallee Pipeline.

6.121 The Committee notes that a number of horticultural economic development opportunities are linked to tourism across Victoria as well as in this region. Where possible, the Committee believes this should be encouraged as economic diversification and income streams from a number of sources are an important factor in risk management for farming communities.

**Ecotourism**

Environmental water equals tourism and also equals economic development.\textsuperscript{131}

6.122 As quoted in Chapter 5, Colin Kemp’s statement plainly highlights the link between water and tourism.

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\textsuperscript{128} Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.


\textsuperscript{130} Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, Public Hearing, Warracknabeal, 16 February 2010.

\textsuperscript{131} Mr Colin Kemp, Acting Executive Officer, Wimmera Development Association, Public Hearing, Warracknabeal, 16 February 2010.
6.123 With the return of water to the Wimmera Mallee region, ecotourism has been noted by witnesses and Submissions as an important part of tourism in the Wimmera Mallee. Witnesses stressed to the Committee the importance of water in ecotourism:

The potential for growth in ecotourism has been demonstrated in the last few months with the return of water to the Wimmera River and recreation lakes in the region. I think we will see growth, particularly in small businesses across the region looking at what tourism potential there is around nature-based tourism from the Grampians right across the Wimmera plains, with the national parks and the system of lakes and waterways looking much better more recently.

6.124 The Grampians Tourism Board Submission spoke about their upcoming nature-based marketing campaign and the potential of the campaign to raise the profile of the region:

The Grampians is poised to launch the Spring into the Grampians marketing platform, based broadly upon the historical association of the region’s wildflowers, gardens and nature-based holidays. This campaign is perceived as having significant potential for raising the regional profile, in turn providing investment platforms.

6.125 The Committee notes the Wimmera Mallee region’s renewed potential for nature-based tourism with the environmental flows now possible because of the Wimmera Mallee Pipeline and encourages support for regional tourism bodies.

**Recommendation 28**

That the Victorian Government investigate agribusiness and agritourism opportunities in the Wimmera Mallee region and further that the Government ensure that investment opportunities in the region are an economic development priority for the State.

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133 Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, *Public Hearing*, Warracknabeal, 16 February 2010.


**Water-based Recreation**

6.126 This extract from the Grampians Tourism Board Submission emphasises how important water-based recreation has become in regional tourism. ‘In the 2010 Grampians Visitor Guide (released June 2010), a section dealing with the water-based recreational and environmental experiences on offer has been allocated’. Through the Grampians Tourism Board Submission, the Committee was able to gain an insight into ways water is used in recreational tourism in the region.134

6.127 The Submission went on to discuss ‘visitors who specifically target areas in the region with water resources. Vehicles arrive every weekend with kayaks, canoes and trailers-atop or with fishing gear stowed aboard (and tinnies towed behind).’135

6.128 The Submission went on to list caravan parks and camp sites situated next to water bodies in the region:

It is not a coincidence that several of the region’s largest caravan parks have aligned themselves to the major water bodies – Hamilton Lake Caravan Park, Wimmera Lakes Caravan Park, Lake Fyans Caravan Park. There are camp sites too that proffer waterside camping – Cherrypool, Jimmy’s Creek, Troopers Creek, Smith’s Mill, Wannon Crossing and Burrough Huts within the national park while there are others outside the park that join and collectively underscore the synergies between water and tourism in the Grampians region.

6.129 Some witnesses described the effect of Pipeline water in places where supply was activated early. Mr Bawden spoke about angling, skiing, rowing and sailing clubs starting up again and major events:

The Horsham fishing competition, which has been in recess for probably three or four years, was the largest inland fishing competition in Australia and attracted about 20,000 visitors to the city; it is in the process of reactivating while the fish grow to a decent size now that we have water back in our river.136

6.130 Ray Campling told the Committee he can envision a time when the region’s once-popular recreational water bodies will again return to former glories:

Recreational water is a key factor. The lakes and rivers of the region were once the main assets of the region in terms of viability and tourism impact. With some of the lakes and weirs, of course, now being filled from the Pipeline, we can see a time in the

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135 Ibid.
not-too-distant future when recreational water will again feature as a product and strength of the region.\(^\text{137}\)

6.131 Dr McRae-Williams, from the University of Ballarat, told the Committee:

> With the Wimmera River, Hindmarsh and Albacutya lakes full, people are attracted, so there is a tourism potential.\(^\text{138}\)

6.132 Furthermore, the Wimmera Catchment Management Authority Submission recommends tourism based on ‘healthier rivers’.

**Food Trails and Farmers Markets**

6.133 A 2009 report into tourism in the Wimmera Mallee\(^\text{139}\), describes farmers markets as arguably the most common form of a new kind of tourism - agri-tourism. Agritourism is a term used to describe ‘a business conducted by a producer for the enjoyment or education of the public, to promote the products of the farm and to generate additional farm income’.\(^\text{140}\) The report states that a farmers market must sell only local products and produce in order to maintain the ‘integrity of the local area’.\(^\text{141}\)

6.134 According to the Australian Farmer’s Markets Association website, ‘There are over 70 farmers' markets trading regularly in Victoria producing over $100 million annual income to Victorian food producers.’\(^\text{142}\) The markets also importantly, ‘provide encouragement for the diversifying of produce,\(^\text{143}\) and provide community and economic benefits as well as ‘access to social networks’.\(^\text{144}\)

\(^{137}\) Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council, *Public Hearing*, Warracknabeal, 16 February 2010.

\(^{138}\) Dr Pam McRae-Williams, Research Director, WIDCORP, University Ballarat, Horsham campus; and Member, Centre for Regional Innovation and Competitiveness, *Public Hearing*, Warracknabeal, 16 February 2010.


6.135 Horsham Rural City Council has made a commitment to supporting horticultural activity through agritourism:

Some of the other tourism opportunities that our tourism association has identified are possibilities around investigating local produce trails. There are existing groups like the Grampians Produce Group that have established some cooperatives, there are harvest picnic food events and the Grampians Grape Escape and we have quite a viable little farmers market operating at Natimuk. They all stand to benefit and grow as horticultural opportunities.145

6.136 The development of farmers markets is particularly timely due to the current popularity of cooking. Farmers markets will not only be an outlet for Wimmera Mallee residents to buy local produce but also attract visitors as a form of agritourism.

6.137 The Wimmera Mallee Sustainability Alliance (WMSA) is a recent local initiative. The Alliance is actively promoting regional food production through local events, such as a sustainability expo highlighting local food products:

In terms of opportunities from the pipeline in this part of the world, WMSA thinks there is lots of scope for more local food production. Our first step to highlight this is a sustainability expo to be held in November which will have exhibitors of locally produced food (amongst many other products and services). We are also planning an Expo Dinner which will be based on slow food principles. That is, all food stuffs will be sourced within 160 km (100 miles) of Horsham. This is a very productive region but most food is grown here, shipped out for processing and returned. If the Wimmera Mallee Sustainability Alliance and partners can turn this around, there is a marketing advantage for the local food industry.146

6.138 Furthermore, the current popularity of cooking programs on television, notably Masterchef, has turned chefs into celebrities and deemed them the perfect marketing tool for local produce as this quote from a profile of local chef Stefano de Pieri on Tourism Victoria’s website shows:

Stefano waxes lyrical about the quality of local Mallee lamb, as one might expect from a food legend.147

6.139 The Department of Primary Industries also recently sponsored a 6 part series, hosted by Paul Mercurio that promoted the produce of the Wimmera, Mallee and Loddon regions called The Food Trail.148

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146 Mr Dean Robertson, Sustainability Officer, Wimmera Mallee Sustainability Alliance, Personal Communication, 19 July 2010.
6.140 Following on from the Committee’s belief in horticulture as a diversification option for farmers, the Committee believes that the development of farmers markets is a logical and useful undertaking that will support horticultural activity.

6.141 The Committee identifies both farmers markets and food trails as a potential growth area and encourages the government to support tourism organisations to develop agritourism in the Wimmera Mallee region.\footnote{149}

**Mining**

6.142 Mineral sand mining has been raised as an economic development opportunity\footnote{150} for the region because of the mineral sands located in the region. This is evidenced by the already booming industry. Ms Jo Bourke told the Committee, ‘there are a number of new mining exploration leases across the region’.\footnote{151}

6.143 *The Wimmera and Mallee Fact Sheet* states that mineral sand mining is a major industry in the Western Mallee\footnote{152} and the region has ‘substantial undeveloped mineral sand deposits in the region.’\footnote{153} The Department of Primary Industries Minerals and Petroleum division is now proposing to support industry to develop these deposits. The Rediscover Victoria project will support a strategic drilling grants program and develop a 3D geological model of Victoria to aid mining exploration in the state.\footnote{154}

6.144 Most current mining activity in Victoria is focused in the Murray Basin in the State’s west. The Iluka mine at Douglas is southwest of Horsham and the Astron Ltd mine at Donald northeast of Horsham, both fall in the pipeline area.


\footnote{149} The Outer Suburban/Interface Services and Development Committee at the Parliament of Victoria is currently conducting an Inquiry into Farmers Markets, expected to be tabled in early October 2010.

\footnote{150} Mr Ray Campling, Chief Executive Officer, Yarriambiack Shire Council; Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater; Mr Jeff Rigby, Managing Director, GWMWater, *Public Hearing*, Warracknabeal, 16 February 2010; Regional Development Victoria, *Submission*, Number 4, 15 March 2010; GWMWater, *Submission*, Number 9, 31 March 2010.

\footnote{151} Ms Jo Bourke, Chair, Regional Development Australia, Grampians region; and Project Liaison Officer, GWMWater, *Public Hearing*, Warracknabeal, 16 February 2010.


6.145 The GWMWater Submission describes their work with the Iluka mine at Douglas:

GWMWater worked with Iluka Mines in the development of their Douglas sand mine operation. The earlier Northern Mallee Pipeline (NMP) project, like the Wimmera Mallee Pipeline project, created water savings in addition to significant environmental flow benefits. In 2003, GWMWater negotiated the sale of some of the savings achieved from that pipeline for Iluka’s development. A volume of 5,000 ML of water was sourced from the headworks, with Iluka constructing its own 20km pipeline from Rocklands Reservoir to its mine site. This sale injected $5M into the region by allowing GWMWater to forgive debt raised to fund its broader capital works program.155

6.146 According to the Submission, other mining companies have approached GWMWater to ‘discuss options concerning the supply of water at various locations across our region necessary to facilitate potential mining operations.’156

6.147 Goldmining is another area of potential economic development and is already established in the region with Victoria’s largest producing goldmine located at Stawell.157

6.148 The Committee notes the Government support that this sector is receiving through the Department of Primary Industries Minerals and Petroleum Division and endorses this support.

**Recommendation 29**

That the Victorian Government continue to support mineral sands exploration and industry development through the Department of Primary Industries Minerals and Petroleum Division, bearing in mind environmental concerns and sensitivities.

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### General Industry and Trade

6.149 Witnesses and Submissions had a number of suggestions for industry and trade in the region.

6.150 One witness suggested that water tank manufacturers could be attracted to the area due to demand created by the Pipeline.158 The Victorian

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156 Ibid.
Government Submission had a similar idea, noting ‘a new tank manufacturing facility was established in Stawell and concrete trough manufacturing doubled in Horsham’.\textsuperscript{159} It also suggested a poly pipe business.

6.151 The Chair of the Regional Development Australia–Grampians region said manufacturing opportunities in ICT had yet to be assessed and Mr Shade, from Horsham Rural City Council, spoke about an opportunity to develop trade with China.

6.152 Others spoke about opportunities to support industries that have biosecurity issues and need large areas of land with small population densities.\textsuperscript{160}

**Renewable Energy**

6.153 Witnesses told the Committee about the potential for renewable energy projects.\textsuperscript{161} Ms Gartmann and Cr McLean both spoke about solar opportunities, and Mr Kemp and Mr McLean suggested further research into alternative energy in the region.

6.154 Ms Grigg cautioned that any renewable energy projects need to be sustainable:

> Any opportunity needs to be seen from a market-driven perspective. There has to be a demand for what is being created. It is not just about creating an economic opportunity for the sake of it; it needs to be sustainable. Even tapping into the vision for this region as a renewal energy centre - I am sure there are opportunities there for collaborative arrangements. If you look at algae for biofuels, straw for ethanol, they seem to have more of a sustainable aura or prospect about them as well.\textsuperscript{162}

6.155 The fledgling group the Wimmera Mallee Sustainability Alliance has been formed by the shires of Buloke, Northern Grampians, Hindmarsh and Yarriambiack and the Rural Cities of Ararat and Horsham as well as a number of Local and State Government authorities\textsuperscript{163} such as Wimmera Catchment

\textsuperscript{162} Ms Jennifer Grigg, Director of Business Development, Sunraysia Institute of TAFE, *Public Hearing*, Mildura, 02 March 2010.
\textsuperscript{163} Wimmera Mallee Sustainability Alliance, *Climate Change Submission*, 29 September, see: <http://docs.google.com/viewer?a=v&q=cache:3_8ntdqfPLMJ:www.climatechange.vic.gov>
Management Authority and University of Ballarat. The Alliance aims to make communities in the region more sustainable and minimise use of energy, water and waste resources.\textsuperscript{164}

6.156 According to the Victorian Government Submission, the region will soon have its own solar power station:

The Mallee region is the centre of a proposal to build a $420 million, 154 megawatt solar power station at Carwarp near Mildura. The project represents the largest and most efficient solar power station in the world. The power station will generate enough electricity to meet the annual needs of over 45,000 homes with zero greenhouse gas emissions, with excess output connected to the national grid for retail sale.\textsuperscript{165}

The Submission also sees:

... great potential in the production of renewable energy including bioenergy sourced from non-food agricultural residues and as a location for solar thermal technology.\textsuperscript{166}

6.157 The Victorian Farmers Federation Submission sees biofuel as a good value adding opportunity for the region’s abundant grain:

Bio-fuel production - Ethanol production will use approximately 1,700L per tonne of grain processed. The amount of ethanol produced from that amount of water would be determined by the type of grain used and the characteristics of that grain.

6.158 The Committee notes the use of grain for biofuels could have an adverse effect on the price of grain in the area and this in turn could impact the viability of other value adding businesses. These flow-on effects need to be considered when examining the merits of various economic opportunities and highlight the need to view businesses in the context of the existing industries in the region.

Conclusion

6.159 The Wimmera Mallee region has long been a productive and, in the face of drought, the global financial crisis, and other hardships, a resilient farming region. Furthermore, this Report identifies successful innovation in the
region. The Committee heard about innovation in terms of feedlotting, indigenous nurseries and pig production, for example. In some cases, the lack of water may indeed have been the driver of innovation. The Wimmera Mallee is a region that abounds in potential.

6.160 Are there opportunities to position the Wimmera Mallee Pipeline region to capitalise on new economic development opportunities arising from the installation of the Pipeline? This Report concludes that yes, there are many opportunities to develop the region and assist it to grow and prosper. The Report notes that the sustainable prosperity of any region requires government commitment to all aspects of economic, infrastructure and social and cultural development. It also requires responsiveness to local voices and concerns.

6.161 In the Wimmera Mallee region, a crisis has been averted by the implementation of the Wimmera Mallee Pipeline. The Pipeline is widely acknowledged as a wonderful resource for the region that ensures it is now fully secure in water.

6.162 The question of economic development opportunities must be seen in a broader context. Water is important but water access in itself is not a complete guarantee of economic development. Most witnesses who appeared before the Committee for this Inquiry were keen to emphasise that they saw a secure water supply as an opportunity to consolidate and enhance their existing practices and finally realise a profit. After many years of drought compounded for these farming communities by the global financial crisis, it is understandable that any available capital would be dedicated to consolidation.

6.163 For these reasons the Committee’s Report concludes that the primary focus for the Wimmera Mallee region should be on developing and assisting existing businesses in the region to thrive and prosper sustainably.

6.164 As discussed, this conclusion is supported by evidence from witnesses at Hearings in the Wimmera Mallee region; by Submissions to the Committee’s Inquiry; by lessons learnt from the Northern Mallee Pipeline experience and also by the conclusions of reports from WIDCORP at the University of Ballarat.

6.165 A Report by WIDCROP encapsulates this sentiment that ‘new water’ does not automatically lead to innovation and new industry opportunities. An important finding in the Report says:

...that overall their expectations of the pipeline related to specific on farm improvements rather than longer-term business developments. In particular, they rated their specific farm benefits such as flexible water supply and increased agricultural opportunities of high importance, whereas developing new businesses was rated as low. 167

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6.166 A dominant theme running through the Inquiry is that of possibilities for diversification of existing industry and businesses in the region. This further supports the Report’s conclusion that the current answer to economic development opportunities for the region is to assist already established farmers and other businesses to diversify their practices before moving on to new ventures.

6.167 Testimony from Northern Mallee Pipeline witnesses and WIDCORP’s 1996 Report *The Northern Mallee Pipeline Project: Exploring Community Perceptions of its Impact* showed that investment attraction, financing of new infrastructure, pipeline capacity and risk management were barriers to starting new ventures in the region.

6.168 In light of these barriers, the Committee finds local farmers’ reticence to undertake wholly new ventures understandable. Also understandable are suggestions by local councils, through Submissions and witnesses’ testimony, that the establishment of bigger enterprises requiring large investment in infrastructure would potentially revitalise drought-affected areas through job creation and other expected benefits of locating profitable industry in a region. However, in light of evidence given, the viability of these proposed schemes needs to be viewed with a degree of caution and thorough research undertaken into the real short- and long-term benefits of such enterprises.

6.169 Diversification, particularly into food crops, is a response to a growing movement of environmental awareness and sustainability, as evidenced by the formation and the aims of the Wimmera Mallee Sustainability Alliance. This in turn fits in with the growing trend of establishing farmers markets in regions, which provide an instant market place for food crops and also provide important community and social benefits to isolated farming communities.

6.170 In testimony about recreational water, the Committee received much evidence of the heavy reliance rural Victorians have on sporting clubs as another source of social interaction for isolated farming communities. Water allocation to these resources must be considered as a crucial element of developing the region.

6.171 The valuable and tireless work of regional research and development organisations working in partnerships with each other and government organisations, both in and outside the region, is evident from the many references to their work cited in this Report. The Committee found ongoing and increased support needs to be given to these organisations to continue their research and educational work in the Wimmera Mallee region.

6.172 During the writing of this Report, a number of challenges identified by witnesses and Submissions have been addressed. Construction of the Wimmera Mallee Pipeline was completed and all supply systems turned on improving water security and quality throughout the region. Water prices have been fixed for the short term by the Essential Services Commission, giving water customers in the region prices for now but not necessarily the security to move forward with diversification and new ventures. The *Western*
Region Sustainable Water Strategy report is currently being written and is due for release later this year, paving the way for water trading in the region. It is vital that the Strategy be released as a matter of urgency in order to resolve current uncertainty and confusion in the region about the future of water trading.

6.173 In addition, the State Government’s recently released blueprint Ready for Tomorrow — a Blueprint for Regional and Rural Victoria addressed a number of areas where government support was required. Business will be supported under the Industries for Today and Tomorrow program which ‘facilitates the development of regionally-based businesses with high growth potential and encourages new industry investment in regional locations.’ Farmers are also assisted with the young farmers First Farm Grant and the Agribusiness Young Leaders program. The Regional Infrastructure Development Fund will continue to provide support for broad infrastructure projects such as transport, education and community and cultural infrastructure such as event centres and community spaces.

6.174 While many issues facing the Wimmera Mallee region have been addressed, it is important that challenges facing this region post-Pipeline are not forgotten. With bushfire season approaching, the Committee particularly notes the urgent need for a solution to the issue of access to firefighting water.

6.175 The implementation of water trading is also imminent and will require support in terms of community awareness of its rules and also its potential benefits. Planning schemes and industry codes need to be clarified and issues around surface water - for environmental and recreational purposes - resolved.

6.176 Most important to the Committee’s findings is that the Wimmera Mallee region moves into this new era of secure, good quality water and its ensuing economic and broader development opportunities, with support from the State Government for business consolidation, diversification and innovation that is sustainable and responds to the needs of the Wimmera Mallee community.

Appendix One

References
Books, Journals, Magazines and Reports


Reports: Government and Parliament


Victorian Government, *Climate change in the Mallee*, Department of Sustainability and Environment, Melbourne, June 2008.


Victorian Government, *Climate change in the Wimmera*, Department of Sustainability and Environment, Melbourne, June 2008.


Victorian Government, *Sustainable Agribusiness Opportunities from the Wimmera Mallee Pipeline*, Department of Primary Industries, Melbourne, October 2009.


Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities


**Media**


Pech, J. ‘Use $25 m to fill channels,’ *Sunraysia Daily*, 03 June 2010.


**Websites**


Appendix Two

List of Submissions

For its Inquiry into Positioning the Wimmera Mallee Pipeline Region to Capitalise on New Economic Development Opportunities the Rural and Regional Committee called for Submissions from the general public by placing print advertisements in state-wide and local newspapers in December 2009. The Committee also sent invitations to specific organisations seeking Submissions in December 2009. Originally set at 22 February 2010, the deadline for Submissions was extended to allow more people to participate in the evidence gathering process.

A list of all Submissions received and formally approved by the Committee appears on the following pages.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Location</th>
<th>Date Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr Tony Bawden – Horsham Rural City Council</td>
<td>Horsham</td>
<td>12 Feb 2010</td>
</tr>
<tr>
<td>2</td>
<td>Cr Stuart McLean and Cr Harold Flett – Buloke Shire Council</td>
<td>Wycheproof</td>
<td>17 Feb 2010</td>
</tr>
<tr>
<td>3</td>
<td>Mr Marc Thompson – Wimmera Catchment Management Authority</td>
<td>Wartook</td>
<td>17 Feb 2010</td>
</tr>
<tr>
<td>4</td>
<td>Ms Joanne Bourke – Regional Development Victoria</td>
<td>Horsham</td>
<td>15 Mar 2010</td>
</tr>
<tr>
<td>5</td>
<td>Mr Mark Wilson – Ouyen Incorporated</td>
<td>Ouyen</td>
<td>19 Mar 2010</td>
</tr>
<tr>
<td>6</td>
<td>Mr Andrew Broad – Victorian Farmers Federation</td>
<td>Melbourne</td>
<td>29 Mar 2010</td>
</tr>
<tr>
<td>7</td>
<td>Mr Chris Burchett – Grampians Tourism Board</td>
<td>Halls Gap</td>
<td>31 Mar 2010</td>
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<tr>
<td>8</td>
<td>Mr Ray Davies – Pyrenees Shire Council</td>
<td>Beaufort</td>
<td>31 Mar 2010</td>
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<tr>
<td>9</td>
<td>Mr Andrew Rose – GWM Water</td>
<td>Horsham</td>
<td>31 Mar 2010</td>
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<tr>
<td>10</td>
<td>Minister Jacinta Allan – Victorian Government</td>
<td>Melbourne</td>
<td>30 Apr 2010</td>
</tr>
<tr>
<td>11</td>
<td>Mr Jim Nolan – Northern Grampians Shire Council</td>
<td>Stawell</td>
<td>03 May 2010</td>
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</table>
Appendix Three

Public Consultation Program – Witnesses

Public Consultation Program events, including public hearings, workshops, briefings, and meetings were held at the following locations for this Inquiry:

16 February 2010  Warracknabeal  Public Hearing
17 February 2010  Donald  Public Hearing
03 March 2010  Mildura  Public Hearing
28 June 2010  Melbourne  Public Hearing

Details appear on the following pages
### 16 February 2010 | WARRACKNABEAL – Public Hearing

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Role</th>
<th>Organization/Institution</th>
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</thead>
<tbody>
<tr>
<td>Mr Ray Campling</td>
<td>Chief Executive Officer</td>
<td>Yarriambiack Shire Council</td>
</tr>
<tr>
<td>Mr Tony Bawden</td>
<td>General Manager, Corporate Services and Economic Development</td>
<td>Horsham Rural City Council</td>
</tr>
<tr>
<td>Mr Kerryn Shade</td>
<td>Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>Mr Stephen Reynolds</td>
<td>Manager</td>
<td>Charlton Feedlot</td>
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<tr>
<td>Dr Pam McRae-Williams</td>
<td>Research Director, Water in Drylands Collaborative Research Program - WIDCORP</td>
<td>University of Ballarat</td>
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<td></td>
<td>(and Member)</td>
<td>(Centre for Regional Innovation and Competitiveness)</td>
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<tr>
<td>Mr Brian Kearns</td>
<td>Senior Regional Agribusiness Development Officer</td>
<td>Department of Primary Industries</td>
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<tr>
<td>Ms Danielle Park</td>
<td>Project Manager, Farm Services Victoria</td>
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<tr>
<td>Mr Jeff Rigby</td>
<td>Managing Director</td>
<td>Grampians Wimmer Mallee Water</td>
</tr>
<tr>
<td>Mr Andrew Rose</td>
<td>Executive Director, Stakeholder Services and Governance</td>
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<tr>
<td>Ms Joanne Bourke</td>
<td>Chair</td>
<td>Regional Development Australia, Grampians Region</td>
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<tr>
<td></td>
<td>(and Project Liaison Officer)</td>
<td>(and Grampians Wimmer Mallee Water)</td>
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<tr>
<td>Ms Alexandra Gartmann</td>
<td>Chief Executive Officer</td>
<td>Birchip Cropping Group</td>
</tr>
<tr>
<td>Mr Rob Gersch</td>
<td>Chairman</td>
<td>Wimmera Development Association (Rural Councils Victoria)</td>
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<tr>
<td></td>
<td>(and Chair)</td>
<td></td>
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<tr>
<td>Mr Colin Kemp</td>
<td>Acting Executive Officer</td>
<td>Wimmera Development Association</td>
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### 17 February 2010 | DONALD – Public Hearing

<table>
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<tr>
<td>Mr Trevor Campbell</td>
<td>Farmer</td>
<td>Springlake Pty. Ltd.</td>
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<tr>
<td>Mr Adam Campbell</td>
<td>Farmer</td>
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<tr>
<td>Cr Harold Flett – Councillor, Mt Jeffcott Ward</td>
<td>Buloke Shire Council</td>
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<tr>
<td>Cr Stuart McLean – Councillor, Lower Avoca Ward</td>
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<td>Mr John McConville – Past Chairman</td>
<td>Donald 2000</td>
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<tr>
<td>Mr Marc Thompson – Chief Executive</td>
<td>Wimmera Catchment Management Authority</td>
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<tr>
<td>Mr Peter Russell – Farmer</td>
<td>Banyandah Indigenous Native Nursery and Texel Sheep Stud</td>
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<tr>
<td>Ms Elizabeth Russell – Owner</td>
<td></td>
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<tr>
<td>Mr Richard Sheahan – Farmer</td>
<td>Sheahan Farms, Nullawil</td>
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<tr>
<td>Mr Des Wood – Farmer</td>
<td>Broadacre Farm and Intensive Piggery, Laen</td>
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</tr>
<tr>
<td>Ms Kerry Wood – Farmer</td>
<td>Broadacre Farm and Intensive Piggery, Laen</td>
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<tr>
<td>Cr Reid Mather – Chairperson</td>
<td>North West Municipalities Association</td>
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**02 March 2010 | MILDURA – Public Hearing**

<table>
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<tr>
<th>Witness Name</th>
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<tbody>
<tr>
<td>Ms Jennifer Grigg – Director of Business Development</td>
<td>Sunraysia Institute of TAFE</td>
</tr>
<tr>
<td>Mr Dean Munro – Committee Member (and Grain Farmer)</td>
<td>Walpeup Lake Management Committee</td>
</tr>
<tr>
<td>Mr Simon Grigg – Member (and President)</td>
<td>Grampians Wimmera Mallee Water Customer Committee (and Walpeup Lake Management Committee)</td>
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<tr>
<td>Ms Maria Riedl – Private Citizen</td>
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**28 June 2010 | MELBOURNE – Public Hearing**

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<th>Witness Name</th>
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<tr>
<td>Hon Jacinta Allan – Minister for Regional and Rural Development</td>
<td>Victorian Government</td>
</tr>
<tr>
<td>Mr Justin Hanney – Chief Executive</td>
<td>Regional Development Victoria</td>
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<tr>
<td>Mr Charlie Beckley – Policy Officer</td>
<td>Regional Development Victoria</td>
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</tbody>
</table>
Who is managing the project?

The construction of the Wimmera Mallee Pipeline Project is one of the largest regional infrastructure projects this region has undertaken, and needs a well-defined structure to ensure efficient and effective management.

**Project Council**

The appropriate use of Government funds is being monitored by the Project Council.

RACV Chief Executive Officer Colin Jordan is Chairman of the Project Council. Mr Jordan has strong links with the Wimmera-Mallee, still owning a family home at Rupanyup.

He has been responsible for many large and successful capital projects including major road projects around Victoria.

**Project Council members:**

**Garry Phibbs**
Department of Treasury and Finance

**Alice Campey**
Department of Premier and Cabinet

**Jo Beatty**
Department of Sustainability and Environment

**Jeff Rigby**
GWMWater Managing Director

**Peter Vogel**
Chairman Project Control Group

An Australian Government representative will also be appointed to this group.

**Project Control Group**

The Project Control Group is responsible for delivering the project through GWMWater. Members of the group are:

- **Peter Vogel** (Chairman)
- **Chris Hewitt**
- **Rob McKenzie**
- **Jeff Rigby**
- **Harry de Jong** (State Government Rep)
- **Peter Bishop** (independent expert)

**Pipeline Community Reference Group**

The GWMWater Board appointed nine community members after they nominated for the Pipeline Community Reference Group.

This group represents the regional community and informs GWMWater on community views and expectations regarding outcomes to be delivered by the project. Members are:

- **Gary Aitken** - Horsham
- **Debbie Borden** - Donald
- **Lyn Boyle** - Watchem
- **Jan Chivell** - Birchip
- **Ross Cook** - Hopetoun
- **David Drage** - Warracknabeal
- **Robert Loats** - Minyip
- **Denise McLellan** - Horsham
- **John Noone** - Warracknabeal

In addition, GWMWater also involves specialists in areas such as regional development, local government and catchment management authorities.

The Pipeline Community Reference Group represents a broad range of experience and knowledge of the region and the pipeline project. Membership of the group also includes GWMWater’s Managing Director, Jeff Rigby and a GWMWater Board member.

**Project Manager**

Bruce Van Every is responsible for the day-to-day management of the project.

Dr Van Every has extensive experience with VicRoads and in Local Government.

**Probity Auditor**

The Department of Sustainability and Environment has appointed Neil MacLachlan of Pitcher Partners, Melbourne, as Probity Auditor for the Wimmera Mallee Pipeline Project. Mr Walsh, an independent auditor, will ensure competitive processes such as project works tendering will be conducted fairly and in accordance with proper procedures.
Corporate Governance Structure

Project accountability

Project Council will rely upon the Project Control Group to report on and ensure accountability for project activities falls within this governance structure.

Project reporting and consultation

Project Control Group will rely on Project Director to inform and communicate project progress, and to provide opportunity for feedback.

Further information regarding project management is available by contacting the Horsham Piping It Office on 1300 659 961 or by dropping into the office at 42-44 Kalklee Road.

Last updated October 25, 2007
INQUIRY INTO POSITIONING THE WIMMERA MALLEE PIPELINE REGION TO CAPITALISE ON NEW ECONOMIC DEVELOPMENT OPPORTUNITIES

FINAL REPORT AUGUST 2010