

SUBMISSION TO THE MURRAY-DARLING BASIN PLAN

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SUMMARY

- Any significant loss of irrigation water from the Murray-Darling System (MD System) would be expected to have **significant social, economic and psychological/mental health impacts** on the Basin's farmers, families, communities, towns and businesses. The economic (\$) and non-measurable costs of these impacts needs to be assessed by the Government.
- In particular, the **risk**, and short and long term **true cost of turning what are currently self reliant and prosperous communities into welfare traps**, with dysfunctional behaviours and poverty arising from the resultant dependency and entitlement cultures, deserves the most serious consideration by Government.
- Other impacts should also be determined/assessed, such as impacts on **food prices, food security and balance of trade**.
- For **balance, similar amounts of funding** should be provided for calculating "human/community/business impacts" as the amount of money provided for/already spent on environmental studies/for assessing environmental impacts.
- **Alternative solutions** need to be considered, such as improved irrigation infrastructure and increased R&D to develop "dry" resistant crops. It is suggested that coastal cities currently using Murray Darling water, replace this water by developing other water sources such as desalination.
- The Government needs to consider the full range of **financial compensation and assistance** required, for farmers, families, communities and businesses, for loss of **jobs, income and business value**, and for any cost of relocation and re-establishment of businesses elsewhere. The **loss of property values** needs to be assessed and compensated for - for farms, housing/residential and commercial property.
- It is proposed that the best decision will be facilitated by the Government carrying out a **comprehensive cost-benefit analysis**, including **risk assessments**. The cost-benefit analysis should include environmental, economic, social and psychological/health impacts, both in the short time and projected into the future.

SOCIO-ECONOMIC IMPACTS

The Murray Darling basin ("MD Basin") produces around \$15b per annum in agricultural output from irrigated and non-irrigated farming. The proposed reduction in irrigation water would be expected to have significant impacts, which need to be assessed by the Government, with real financial/dollar estimates of cost attached to such impacts wherever possible. These impacts include:

- The **economic, social & psychological/mental health** impact on farmers & their families.
- The **economic, social and psychological/mental health** impact on MD Basin communities and towns.
- Specifically, the **economic impact** on businesses in the MD basin, the **socio-economic and psychological/mental health** impacts on employees, owners and their families.
- The economic impact on businesses, individuals and families out-side the MD basin, such as on trucking companies that carry produce.
- The **economic, social and psychological** cost due to the creation of "Welfare Traps" and loss of social/economic amenity – The anticipated socio-economic impacts would be

significant, resulting in rising welfare dependency, and a lowering of self-reliance and community responsibility. The adverse effects of such passive welfare (“sit-down money”) are well known, giving rise to entrenched dependency and entitlement cultures, and with associated increases in seriously dysfunctional behaviour such as alcohol and drug dependency, child abuse and crime. Once established, such cultures and behaviours are hard (and very expensive), if not impossible to “roll back”. The Government needs to calculate the true social and economic costs of such perverse outcomes (and into the future) – that is, the **complete cost of strong, healthy and financially self-reliant families, individuals, communities and culture being replaced by passive welfare cultures.**

- The impact on Australia’s **food security**
- The **impact on food prices** needs to be calculated/assessed/considered, especially fresh fruit and vegetables.
- **Balance of Trade** - If agricultural and fibre production is reduced, Australia will have to increase our imports and/or reduce our exports. The impact of this on Australia’s balance of trade must be assessed.
- The impact due to increase in **migration to Australia’s cities such as Sydney**, where infrastructure and services have not kept up with population growth.

THE NEED FOR BALANCE IN RESOURCING AND FUNDING THE PPAN AND CALCULATION OF IMPACTS

The calculation of this full raft of human-socio-economic impacts should be given equal consideration and provided with equal funding as has been provided/spent in assessing the environmental aspects/impacts/benefits of the MD Plan.

COMPENSATION AND ASSISTANCE

The calculation of the amount of compensation and financial assistance required needs to account for:

- **Financial, social and psychological impacts** on farmers and their families, *all* MD-basin families, communities, towns and businesses.
- **Impacts on businesses in the MD basin** - Loss or reduction of the earnings and jobs of staff, of owners and of their families needs to be calculated and compensated for, as does the loss of *all* businesses’ “capital value, investment and good-will”. It needs to be borne in mind that for many family businesses, their savings and/or mortgage value are invested in the business, and often many family members all work in the same business. If the business closes down due to reduced turnover (from impacted agricultural production), then there would be “whole family effects” in terms of job losses and loss of investment/savings/capital value of business.
- The **loss of value of rural, residential and commercial property** needs to be considered, with full compensation paid to such impacted businesses and individuals.
- **The cost for people, families and businesses to relocate and re-establish**, including the cost to find work. Also the cost to purchase comparable property, housing and/or businesses needs to be assessed and compensated, where previously similar property/housing/businesses were owned in impacted areas.

BASIN ENVIRONMENTAL IMPACTS

It is expected that these would be thoroughly dealt with in other submissions and in “The Plan” itself. However, that said, the recent “Millennium Drought” has been one of the most severe in recorded history (most likely being just part of the typical long term climate fluctuations of eastern Australia.) It needs to be considered that the ecological stresses

apparent in the system in recent years were perhaps more due to this severe drought, than water extraction for irrigation.

If ecological indicators such as water bird and fish numbers recover to healthy levels (in a situation of continuing current irrigation water extraction levels), then this would lend support to this theory. In such a case, the environmental impact of irrigation water extraction may be far less than has been commonly supposed or assessed. This matter needs to be carefully considered in any Cost-Benefit analysis.

Unfortunately it may be necessary to wait several years to determine if the ecosystem *is* returning to a healthy state. However, such a wait may be the best option as it would be extremely unwise to make decisions that will have extremely adverse human impacts, based on flawed and untested environmental assumptions.

GLOBAL ENVIRONMENTAL IMPACTS

If Australia is forced to import more food, the environmental impacts of this food production in typical countries of origin must be considered, and compared to the current environmental impacts of producing this food and fibre in Australia. It is recognised that it is probably not possible to comprehensively do this, and so may best be done by a sampling and modelling method for the most common production countries and situations.

ALTERNATIVE SOLUTIONS

As part of further work, the Government needs to consider the role/value of alternative solutions, including:

- **Eliminating supply of water to coastal cities** - The MD river system supplies water to Adelaide and Melbourne. These cities have other sources of water available, such as the desalination of sea-water, which could be used to replace 100% of the water now drawn from the MD basin. This would permanently return large amounts of water to the river system. There obviously could be an “environmental” cost of desalination (because of carbon emissions from power generation), however, this must be weighed up against socio-economic and environmental costs.
- **Infrastructure upgrades and new construction** - Wherever possible, options that enable reduce evaporation/save water should be considered and funded by Government.
- **Agricultural R&D and Government funding** – This should be significantly increased, to develop plants and farming methods that can tolerate less water whilst maintaining productivity.

RISK ASSESSMENT/COST- BENEFIT ANALYSIS

It is proposed that the best decision will be facilitated by the Government carrying out a **comprehensive cost-benefit analysis**, including **risk assessments**. The cost-benefit analysis should include environmental, economic, social and psychological/health impacts. Obviously, such costs need to be projected into the future. Discount-rates (for environmental, social and economic impacts) need to be stated and based on the same/common time frames for each of these three impact areas.

Assumptions should also be stated, especially with regards to the uncertainty/probability of any adverse climate predictions that are based on anthropogenic global warming models and included in “the plan”.