



February 2011

Position statement on the Guide to the Basin Plan

Background

Established in 1969, the Queensland Conservation Council [QCC] is the state's peak environmental organisation that represents the interests of 70 member groups located throughout the state. In collaboration with our member's, QCC's purpose is to raise public awareness about environmental issues and lobby government to improve environmental outcomes and natural resource management across the state.

QCC has a long history of involvement in water planning, policy development and reform process across the state. QCC also works in collaboration with interstate counterpart and national environment groups to progress sustainable water resource management.

Introduction

In less than a century, water extracted for consumptive purposes from river systems throughout the MDB has increased by 500 per cent – resulting in a serious decline of river and wetland health throughout the Basin as a consequence.

This view is supported by the MDBA Guide to the Basin Plan, which states that: “environmental failure now threatens the long-term economic and social viability of many industries and the economic, social and cultural strength of many communities”.

The way the Basin's water resources have been shared is not sustainable is beyond doubt, which is why we must rebalance current water sharing

Queensland Conservation (QCC)

arrangements so that the environmental values of the Basin can be restored to be able to better support communities and industries into the future.

A significant benefit of restoring the Basin's environmental values is that communities and the environment will become more resilient to extreme events such as the recent drought, which scientists predict will become longer and more severe due to climate change.

Socio-economic impacts

Concerns about the socio-economic impacts of reducing water consumption under the Basin Plan have been exaggerated. Between 2001 and 2007, Basin water entitlements were cut by as much as 70 per cent, however the gross value of irrigated agriculture over the same period dropped by only 0.12 per cent.¹

The Guide itself stated that despite the drought, over the last 10 years employment in the Basin has continued to grow by 8.3 per cent. This job growth is largely unrelated to agriculture as most of these new jobs are in government, administration, defence, construction and service-based industries such as health, community services and education.

This evidence brings into doubt the findings of the Stubbs report, which was commissioned by the Cotton Communities CRC. This report claims a 25% reduction of water use across the Basin will lead to devastating jobs losses.

In Mildura, for example, the report projects an employment loss of >7 per cent.²

Yet actual ABS data from 2001– 2006, when drought reduced water availability by >25 per cent shows employment in Mildura rose by 4 per cent and across the Basin by 1.2 per cent.

¹ ABS, Experimental Estimates of the Gross Value of Irrigated Agricultural Production, 2000–01 – 2007–08 and ABS, Water and the Murray–Darling Basin A Statistical Profile 2000–01 to 2005–06, p.73, also referenced by Prof Quentin Grafton in The Age, Economist Ticks Murray Cuts, 14 October 2010

² Judith Stubbs & Associates (2010), Report 4: Exploring the relationship between community resilience and irrigated agriculture in the MDB: Social and Economic Impacts of Reduced Irrigation Water, report prepared for Cotton Catchment Communities CRC.

To be fully informed, it is critical that all available socio-economic information and modelling is examined – in particular:

- ABARE modelling, undertaken to inform the Guide, found there could be 800 job losses across the Basin with a loss to the value of irrigated agriculture of around ~15%.³
- Detailed modelling by Monash’s Centre of Policy Studies⁴, commissioned by the Authority and released in November last year, revealed the following:
 - It estimates a loss of 500 jobs and a reduction in the value of irrigated agriculture of \$800 million by 2026.
 - However, the value of dry-land agricultural output is set to increase in value by \$400 mill over the same period.
 - Employment decreases only 0.1 per cent below forecast. In fact, jobs in the services sector increase.
 - Regionally, some may see slight reductions in employment, but in others employment will increase.
 - There will be a minor increase in some food prices with rice seeing the largest increase of 7 per cent. Interestingly, vegetable prices will in fact decrease as a result of reforms.

The Monash report provides a range of insights into how to minimise the socio-economic impacts of reform – importantly, it concludes the water reform process has little impact because it is a voluntary program that is undertaken over time as opposed to a rapid and involuntary process. This reform is not a ‘shock’, but a slow, predictable change that farmers can plan for. The authors of the report concluded that:

“There has been a recurring tendency by some lobbyists to assert that SDLs could be as detrimental to agriculture in the MDB as drought, which is not true.”

Empirical evidence over the last decade suggests that the irrigation industry is dynamic and able to adapt and respond to challenges associated with reduced water availability.

³ Guide to the Proposed Basin Plan, page 87 and page 121

⁴ Wittwer, G. (2010), The Regional Economic Impacts of Sustainable Diversion Limits, Centre of Policy Studies, Monash University, November 2010.

Benefits of restoring the Basin to good ecological health

An issue largely absent from discussions about the Basin Plan to date is the economic benefits of restoring the Basin to good ecological health. It is essential for these potential economic benefits to be examined as part of balancing water use throughout the Basin.

The MDB Authority commissioned CSIRO to estimate the economic value of a healthy environment across the Basin. Non-market values are difficult to quantify precisely, but are critical as they reflect the often undervalued role a healthy environment plays in sustaining Basin communities and industries.

The CSIRO research found that restoring the Coorong from a state of poor environmental health to good health is worth a massive \$4.3 billion in economic benefits.

Further to this, the recent Australian Conservation Foundation's (ACF) analysis shows that the Basin's 16 Ramsar-listed wetlands alone supply more than \$2 billion of environmental services per year. Building on the CSIRO research (which did not provide details for the entire MDB, but did provide a methodology for doing so), the ACF calculated the value of MDB would be \$9.8 billion⁵ if restored to good ecological condition.

Findings from similar research by the ABS in 2009–2010 state that “In economic terms, the rivers, wetlands and flood plains of the Murray–Darling Basin are thought to provide \$187 billion in ecosystem services annually”.⁶

Examining additional scenarios

The MDB Authority has only examined returning between 3,000 to 4,000 GL of water to the environment due to perceived adverse social and economic impacts that may occur from returning above this range to environmental flows.

⁵ O'Connor, S., What's a Healthy MDB Worth to Australians. ACFanalysis. 2nd Feb 2011

⁶ ABS Year Book Australia 2009–10 1301.0 – “Australia's Biodiversity – Feature Article”, released 4 June 2010

The proposed range is significantly less than the volume of water the Scientific Reference Panel states is necessary to restore the River Murray (alone) to an acceptable state of environmental health. In addition, the Authority has acknowledged that returning water at the lower end of the proposed range will only improve river health under a wet future climate scenario. As scientists are predicting the duration and severity of drought conditions is likely to increase due to climate change, it is highly unlikely that the Basins ecological health will improve under the range proposed in the Guide to the Basin Plan.

In light of this, it is critical that the Authority considers how climate change will affect the scenarios contained in the Guide to the Basin Plan ability to achieve the objectives of the Act. Along with this, the Authority should also examine returning more water to environmental flows above the proposed range in order to provide information about the benefits resulting from returning the entire Basin to good ecological health.

Concluding comments

Long term socio-economic benefits can only be achieved from a resilient and sustainable environment.

Therefore the Authorities main priority must be to create a robust plan that rehabilitates and restores the Basins damaged ecological values in order to underpin sustainable economic development and community wellbeing into the future.

The Basin Plan is a once in a lifetime opportunity to restore the Murray-Darling Basin to good ecological health. Otherwise maintaining a business as usual approach by continuing un-sustainable levels of water extraction will inevitably lead to the collapse of the Basins ecological systems, communities and industries.

End
