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Committee Secretary
House of Representatives Standing Committee on Regional Australia
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Re: Inquiry into the impact of the Murray-Darling Basin Plan in Regional Australia

The South Australian Council of Social Service welcomes the Committee's Inquiry into the impact of the Murray-Darling Basin Plan and thanks the Committee for the opportunity to make a submission.

As the peak non-government representative body for the health and community services sector in South Australia, SACOSS believes in justice, opportunity and shared wealth for all South Australians. We have a strong membership base representing a broad range of interests in the social services arena. Our core activities include analysing social policy and advocating on behalf of vulnerable and disadvantaged South Australians; providing independent information and commentary; and assisting the ongoing development of the health and community services sector. SACOSS has an interest in the Murray-Darling Basin because many of our member groups provide services in the South Australian river communities and because, if the Plan and the transition to new arrangements are not handled well, those already struggling in those communities will be further disadvantaged.

This brief submission draws out points from our submission to the Murray-Darling Basin Authority consultation in relation to the *Guide to the proposed Basin Plan*. That submission is appended to this letter. As you will see, our starting point is the opposite to that of this Inquiry. We want to ask not "what impact will the Plan have on communities", but rather, what investment and support is needed, particularly for the most vulnerable in the community, to ensure that the environmental objective of a healthy river can be met. Nonetheless, there are a number of points which are relevant to the Terms of Reference for this Inquiry.

Term of Reference 1: The direct and indirect impact of the Proposed Basin Plan on regional communities

The short answer to this is that we don't know, but that in order to know we need to ask the right questions, and recognise that the answers will depend on the broader

context for the Plan. There is some evidence about the impact on South Australian river communities of significant reductions in available water from the experience of the last 10 years of drought – although that is under current water management arrangements and with insufficient assistance to pursue alternative paths. The downstream effects over the last decade have seen hardship, increases in mental health issues and incidence of depression, increases in number of children not eating breakfast at home and subsequent impact on schooling and behaviour, and a general weakening of social communities. This experience points to the need both to ensure that water gets downstream and to provide adequate assistance to communities affected by decreases in water availability.

However, this drought experience can't be read into the future as an indicator of the impact of the proposed Basin Plan because hopefully we are not simply talking about a future with less water, but a future with less water *and* a range of other changes. Unfortunately, we believe that the *Guide* and much of the debate around it is largely just talking about less water. Both the *Guide* and the debate have largely failed to ask the right question or consider the different and broader possibilities which may arise from, for instance, different paths to water saving, compensation packages or investment in alternative economic paths. As noted in our submission on the *Guide*, the socio-economic modelling relied on by the MDBA largely models the downsides of decreasing water entitlements for irrigation, but none of the upsides from a healthy river, greater flows downstream or benefits to non-farm industries (e.g. tourism, fishing).

We ask that the Committee consider these benefits much more fully than the MDBA did (noting that the MDBA did acknowledge the weaknesses in their socio-economic modelling).

That said, we recognise that there will be serious negative impacts from reductions in water entitlements. However, we urge the Committee, when considering these impacts, to probe much more deeply than simply asking (as the Marsden Jacobs Associates report for the MDBA did) what the impacts of reduced water allocations would be on irrigators at the farm, industry, and regional community levels. There must be consideration of how compensation or alternative investment strategies may impact on different parts of the community.

Term of Reference 3: developing and delivering infrastructure and technologies aimed at supporting water efficiency

The full term of reference refers to the role of government, the agricultural industry and the research sector in developing and delivering infrastructure and technologies aimed at supporting water efficiency. While there may well be infrastructure and technologies which support greater water efficiency in agriculture, it is arguable that the best water efficiency gains would be made by developing less water-intensive industries (whether in agriculture or some other area completely) which could replace irrigation. In developing these less water-intensive industries the government can play a leading role in two ways.

Firstly, the government can facilitate a community based planning process which engages all stakeholders (not just irrigators) to decide the way forward. This must be

done at the community level rather than the basin level, both because of the need to engage community and because the solutions will be different for different communities. Some communities will need to continue to rely on agriculture while others will have other options. The Wentworth Group of Concerned Scientists (2010) have proposed a particular approach for such consultation and planning using the *Thriving Communities* model developed by Flinders University School of Social and Policy Studies. This, or some similar process, is necessary to ensure that there is genuine community development, not narrow industry policy or simply handouts to those with some existing water right. Arguably given the historic politicisation of river management and the anxiety around the *Guide*, such a process would be better run from outside of government. However the government will need to provide the resources to facilitate the process.

Having facilitated a proper conversation around community development in the Basin, the second way the government can contribute is to ensure that there are sufficient funds on the table to provide for new infrastructure and technological needs (and in these categories we specifically include social infrastructure which must include education and training capacities) for the development paths which come out of the consultation. The Wentworth Group has suggested that up to \$5b could be found from more efficient use of the funds already allocated for the Water for the Future program (Wentworth Group, 2010). While SACOSS is not necessarily endorsing all the specifics of the their proposal, it is clear that to achieve industries which are less water-reliant a considerable sum of money will be required for infrastructure and technological development. To this end, **SACOSS is suggesting that a purpose-built Murray Darling Basin development fund be established to assist MDB communities in developing less water-reliant futures.**

Again, in all its efforts, SACOSS is keen to ensure the needs of the vulnerable and disadvantaged are met in any decisions around the proposed *Guide*. The voices of those people are not always heard in a debate dominated by an environmental imperative and by very direct economic interests, but those voices are as much a part of the community – and as much a part of the solution – as irrigation industries. Given that, in our view, the Committee's Terms of Reference start from a question which is at best limiting, and at worst, part of the problem, we ask that the Committee interpret their brief as widely as possible within the existing Terms of Reference and make recommendations which go beyond the very narrow irrigation/environment debate.

We thank you for the opportunity to make a submission into this inquiry.

Yours,

Ross Womersley
Executive Director

References

MDBA (2010), *Guide to the proposed Basin Plan*, Murray Darling Basin Authority, Canberra.

Wentworth Group of Concerned Scientists (2010), *Sustainable Diversions in the Murray-Darling Basin*, at <http://www.wentworthgroup.org/uploads/Sustainable%20Diversions%20in%20the%20Murray-Darling%20Basin.pdf> viewed 1 December 2010

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Submission on the Guide to the proposed Murray-Darling Basin Plan

Submitted 6 December 2010

via website: <https://plancomment.mdba.gov.au/>

Summary

SACOSS' approach is based on asking not "what impact will the Plan have on communities", but rather what investment and support is needed, particularly for the most vulnerable in the community, to ensure that the environmental objective of a healthy river can be met.

In summary, SACOSS believes that the Murray Darling Basin Plan must:

- Ensure that there are sufficient water flows for a healthy river and this environmental goal should not be compromised by other factors.
- Utilise socio-economic modelling which includes:
 - Modelling of the consequences of continuation of the status quo;
 - Differentiation between reduced SDLs arising from infrastructure and technological changes and those achieved through water buy-back; and
 - Consideration of alternative economic futures and the level of investment required to offset changes in water availability.

Introduction

The South Australian Council of Social Service (SACOSS) welcomes the opportunity of making a submission on the *Guide to the proposed Basin Plan* (MDBA, 2010), and thanks the staff of the Murray-Darling Basin Authority for the extensive consultation (often undertaken in heated environments) that has been undertaken in relation to the *Guide*.

As the peak non-government representative body for the health and community services sector in South Australia, SACOSS believes in justice, opportunity and shared wealth for all South Australians. We have a strong membership base representing a broad range of interests in the social services arena. Our core activities include analysing social policy and advocating on behalf of vulnerable and disadvantaged South Australians; providing independent information and commentary; and assisting the ongoing development of the health and community services sector. SACOSS has an interest in the Murray-Darling Basin because many of our member groups provide services in the South Australian river communities and because, if the Plan and the transition to new arrangements are not handled well, those already struggling in those communities will be further disadvantaged.

SACOSS Policy Officers have attended various MDBA workshops and briefings during the development of the *Guide*, as well as two of the public consultations, one sector consultation session, and the technical briefing in Canberra since its release. Despite the fact that our interests are primarily socio-economic, SACOSS believes that any consideration of the future of the Basin must begin from the starting point that the river needs to be fixed. Without a healthy river the long term economic future of the basin will be compromised, and we are concerned that the 3,000GL/y reduction has a high degree of uncertainty as to whether it will adequately protect the river. This does not provide environmental outcomes or confidence for river communities who should be able to rely on the Plan delivering certainty into the foreseeable future (i.e. not having to revisit water allocations because the river still needs more flows).

SACOSS is concerned that the general dominance of the public debate by irrigators gives an impression that the socio-economic concerns are all going in one direction – that of opposing or limiting the amount of water going back into the river system. There are clearly large socio-economic impacts on irrigators and on communities reliant on water-intensive industries, and these impacts need to be managed and alternative paths supported. However, scepticism and/or denial about the amount of water needed for a healthy river is certainly not representative of the voices of all river communities, as recent survey figures have shown.¹ The need for action to ensure environmental flows is particularly felt in South Australia where the lack of water flows has had severe environmental and socio-economic impacts.

¹ Brain Pulse's independent random survey of over 500 MDB residents found that 75% of residents believed water allocations should change to ensure water for the river, and 62% wanted action urgently (cited in Ramsay, 2010).

Socio-Economic Modelling

SACOSS is disappointed that fuller socio-economic modelling was not done prior to the release of the *Guide* – and that what was done was narrow in focus. We understand that much of consultation on the socio-economic impacts was done before the proposed Sustainable Diversion Limits (SDLs) were known and that the consultation simply tested for responses to possible cuts in water allocation of 20%, 40% and 60%. There was no testing for responses which included injections of money from buy-backs, or alternative regional investment strategies. On the basis of this narrow data, the MDBA then made a judgment call that reductions of more than 40% on Current Diversion Limits would have unacceptable socio-economic impacts.

There is no doubt that cuts of this magnitude or more would have profound effects, particularly at the local level, in some communities. The *Guide* provides some generic testing of these impacts through its community resilience measures, but it does not look at each community and it only models direct and immediate multiplier effects from irrigation-based industries. It does not model any of the socio-economic costs of current over-allocation of water, the benefits to other industries of greater flows or better water quality, or what alternative investment strategies may be required to offset the impact of decreased water allocation. In effect, it modelled all the downsides and none of the economic upsides.

The impact of this on the Plan is profound. The limited (one-sided) modelling has heightened concerns about cuts in water allocations and potentially unnecessarily limited the certainty of the Plan achieving its goals. If the economic benefits or alternative investment strategies were included as offsets to the negative economic impacts, then the pain caused by the plan may be less, and/or more water could be returned to the river than the plan envisages. As it is, the upper end recommended cuts to water allocations of 4,000GL/y still barely rises above the highest uncertainty target [3,856GL/y +/- 20%] for actually protecting the environmental assets and ecosystem functions (*Guide*, Vol 2, pg 114). Again, this lack of certainty does not provide a realistic base for river communities to plan and invest for the future.

At various public consultation sessions, the MDBA has stated that the socio-economic modelling in the *Guide* was not as robust as hydrological and environmental data, and SACOSS welcomes the clear recommendation in the *Guide* that more work be done on socio-economic modelling (*Guide*, Vol 1, xxviii). We also note the information provided at the technical briefings (Canberra, 22-23 November) as to further research that is being done, but we are concerned that the timelines may not allow consideration of the results by the communities affected and for integration into the Plan.

The following are areas that SACOSS sees as important to include in socio-economic modelling and approaches to the MDB Plan.

Modelling of the status quo

Given the response to the *Guide* from some sections of the community, it is important to account for the costs of taking no action – or of taking action that is less than effective in ensuring river health. There are already socio-economic impacts of salinity, lack of water downstream, acidification of the lakes and costs of dredging

(which need to be seen as negative even though it contributes to GDP). While the Act requires changes in flow regimes and this should be the focus of economic modelling, this requires a transparent starting point from which to measure costs and benefits. This is probably just a matter of publishing what should be implicit in fuller socio-economic modelling, and we note that in several places the *Guide* begins from the status quo and models environmental costs of continuing current usage (e.g. *Guide*, Vol 2, p 116).

Modelling different pathways

The economic modelling, at least as published, does not distinguish between different models of how SDLs are reduced. The *Water for the Future* program envisages a combination of buy-back of entitlements and infrastructure investments. The Wentworth Group has argued that the former is more efficient in terms of water returned for money spent and have argued for a redirection of funds from infrastructure investment and into broader community development investment (Wentworth, 2010). However, costing needs to be done on the different paths to achieving the SDLs as it may be that the socio-economic impact of infrastructure investment will be more benign as it would leave functioning agricultural enterprises. Of course, it may not or it may not be possible to achieve significant gains in this way, but this is an empirical question that needs to be answered. As the socio-economic modelling in the *Guide* does not distinguish the different methods of achieving SDL reduction, it is not possible to fully compare the costs of both schemes or to properly assess the impact of the SDL reduction.

As noted above, the socio-economic modelling also needs to go beyond just the impact on the irrigators and the immediate multipliers in the regional economy. This involves both modelling the benefits of a healthier river, but also the impact of investment in alternative industries that would see communities less reliant on water intensive industries. Such investment could offset some of the negative impacts of reduced water allocations. While such a structural adjustment plan may be beyond the ambit of the Authority and would need full consultation with the local communities, it is nonetheless an important factor in modelling the socio-economic impacts of the Plan (and therefore in setting the SDLs and the overall flow targets in the plan). Modelling on the assumption that there will be reductions in water allocations, but that all other things will remain equal, is narrow and arguably counterproductive. Most importantly, it limits the opportunities for communities to get the support they need and have a full say over their future, because the reality may be that for many river communities the future is a move away from water intensive industries.

References

MDBA (2010), *Guide to the proposed Basin Plan*, Murray Darling Basin Authority, Canberra.

Ramsey, B. "Basin communities ready to work for water reform", *Sydney Morning Herald*, 22 November 2010 at <http://www.smh.com.au/opinion/politics/basin-communities-ready-to-work-for-water-reform-20101122-183ou.html> viewed 25 November 2010

Wentworth Group of Concerned Scientists (2010), *Sustainable Diversions in the Murray-Darling Basin*, at <http://www.wentworthgroup.org/uploads/Sustainable%20Diversions%20in%20the%20Murray-Darling%20Basin.pdf> viewed 1 December 2010