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

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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.

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

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).

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

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