



AUSTRALIAN FLOODPLAIN ASSOCIATION

Healthy Rivers - Healthy Communities

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The Independent Socio-Economic Assessment Panel

By email: independentpanel@mdba.gov.au

6th April 2020

Dear Ms Sefton,

The Australian Floodplain Association (AFA) is a non-government organisation, established in 2006. It represents floodplain and wetland landowners and their communities who depend on healthy rivers, floodplains and wetlands. Its membership resides predominantly within the Northern Murray-Darling Basin and includes floodplain graziers, community groups and shire councils.

The Australian Floodplain Association wishes to thank the panel for the effort it has put into this time constrained publication. We understand the challenges you have faced and appreciate your commitment.

We make the following comments on the ISEA Panel's draft report:

The Panel will recall that following a teleconference with Panel members on 15th January 2020, the AFA was invited to provide a list of key points that in our view were inadequately covered by the Panel's Terms of Reference. Our Recommendations were as follows:

*That the Independent panel assessing the social and economic conditions in the Basin:
Gives weighting to non-irrigation communities equal to that given to the irrigation industry when
undertaking its assessment.*

*Emphasises that rural community resilience and survival is dependent upon agricultural enterprise
diversity and that rivers must be allowed to support both irrigation and non-irrigation industries
in a fair and just manner.*

- *Strongly urges governments to align and apply their water policies consistent with the priorities listed in the relevant state and commonwealth Water Acts.*
- *Encourages governments to change the narrative on environmental water so that it captures the broader social, cultural and economic good environmental or community water provides.*
- *Reinforces to governments the importance of and need for end-of-system flow targets and meaningful connectivity between water sharing plans in the Northern Basin and the Southern Basin Lower Darling/Murray water sharing plan.*

We are disappointed to note that many of these points have not been addressed in the draft report and that our key concerns continue to be ignored.

There are some significant gaps in the draft report including no data on the numbers of people consulted and engaged, where they are from and what they do, and no references are provided.

In its current form, the draft report continues to show a strong bias towards the impacts on irrigation communities. The Marsden Jacobs report commissioned by the panel shows the gross value of irrigated agriculture in the Basin is about \$8 billion/annum while non-irrigated agriculture is almost double this at about \$15billion/annum. (Ref: page 16 <https://www.basin-socio-economic.com.au/51572/documents/125929>)

Page 3 of the draft report says that more evidence is needed to show that the environmental, social and working river benefits of water recovery are going to be greater than the potential costs to the irrigation industry. In the AFA's view it is inconceivable that ANY government would allocate \$13 billion over 10 years to achieve healthier rivers if there was insufficient evidence that such investment was required. There are real as well as perceived costs to the non-irrigation industries and river communities if water recovery is not completed. This appears to have been ignored by the panel..

The draft report suggests that third party impacts are limited to the irrigation community. This is far from the case. Non-irrigation communities have suffered third-party impacts for decades due to poor water policy. They continue to do so, an unacceptable situation in a country that prides itself on everyone getting a 'fair go'.

The Basin Plan and the water market are two different and separate issues although the AFA accepts that they are linked through the water buyback program. In our view, these issues are often conflated but the report should clearly differentiate the impacts of the Basin Plan from those arising from decisions made within the context of the water market. For example, the dairy and annual cropping industries mentioned in Recommendation 4 have been priced right out of the water market by the muscle of corporate agribusinesses focused on permanent plantings. The impact on the dairy and horticulture sectors may have had little to do with water recovery under the Basin Plan, if producers in these industries made a poor business decision by selling their water to the government at low prices and are now faced with a much higher market price than they budgeted for when selling that water.

There must be an acceptance that some irrigators will have to leave the industry. In spite of obvious trends indicating a drier climate future, there has been and continues to be denial of this fact throughout the whole process. Water markets, climate change, commodity prices and unreliability of water supply all contribute to decisions to exit the industry. We note on page 13 of the Marsden Jacobs Report <https://www.basin-socio-economic.com.au/51572/documents/125937> the low reliability of supply in many of the Northern Basin valleys. Business as usual is not an option.

Irrigators willing to sell water for whatever reasons should be allowed to do so. The AFA strongly supports the continuation of the buyback program through a transparent tender process and advocates for more water recovery from willing sellers as a matter of urgency. At the very least, the current 47.5GL shortfall up to the 1500GL Cap on water purchases must be met as soon as possible. Since about two-thirds of this shortfall is in the northern Basin, benefits would flow to communities all the way to Wentworth on the Murray.

In our view, purchases from willing sellers is the quickest and most cost-effective way to return water to the Basin's rivers, wetlands and floodplains. Furthermore, infrastructure upgrades are

almost three times the cost of direct purchases per ML recovered, lack environmental impact assessments, are slow to deliver water, and some scientists have voiced concerns that they may not deliver the water savings calculated at all.

In the report the simulation study by Victoria University states:

“Each dollar spent on health, education and community care services creates four times as many jobs within the Basin as infrastructure upgrades spending. In this simulation, employment rises by 1,500 to 1,600 jobs across the Basin for the period from 2020 to 2029, as a joint result of water recovery investment and expenditure on services in Basin communities. Note these employment results are not directly comparable to other results reported above due to differences in assumptions across the different simulations.

The net economic loss to the Australian economy is smaller than it would be in scenario involving investment in infrastructure upgrades alone, with larger indirect economic benefits to non-agricultural sectors and smaller indirect benefits to agricultural producers. Note these results are not directly comparable to other results reported above due to differences in assumptions across the different simulations. Note again, these economic impacts do not account for benefits of enhanced environmental, working river, or tourism, recreation or social benefits from water recovery.

The Panel also notes that broader spending could also lead to lasting flow-on benefits for Basin communities, such as improved health, training, and education outcomes.

In terms of the national net economic impact and additional jobs created in the basin, what this scenario suggests to the Panel is that spending across the economy may create more jobs in Basin regions than spending on infrastructure alone. Such expenditures would do little to maintain the value of agricultural output or supply chain activity however.” (AFA emphasis)

The Murray Darling Basin Economic Development Program is therefore supported, despite the fact of the last sentence in the highlighted quote above. This Basin Plan is about the Basin *in toto*, not just the irrigation industry. The program should be very carefully designed to ensure the development and support of new industries with much lower water demands that can better withstand a drier future, together with strategies to build community resilience. We note that some of the MDB EDP projects listed on the DAWE website are not particularly encouraging of new and more water efficient industries nor aimed at building a more diverse regional economic base. The timeframe needs to be extended and more funds provided to allow for strategic, targeted, locally owned adjustment programs to offset the impacts of a drier climate. This needs to happen in both irrigation and non-irrigation communities. The AFA strongly supports the recommendation to improve internet infrastructure.

The two case studies on boating and fishing commissioned by the panel are an inadequate response to assessing the economic value of ecosystem services in the MDB. The AFA notes that these reports only addressed the value of these activities in the Southern Basin, despite the fact that it is well recognised that the Northern and Southern Basins are very different in many respects. The costs of the treatment of town water supplies is a useful and well-accepted proxy for the value of the services provided by wetlands and healthy riparian vegetation in protecting and maintaining water quality. We'd have thought such numbers would be readily available and fail to understand why this most critical attribute of ecosystem services has not been considered.

We note that the discussion on constraints is not only restricted to the Barmah Choke but also focused on consumptive water. It is our understanding that the SDL adjustment mechanism was modelled on the assumption that all constraints to the delivery of environmental water had been addressed and that all these constraints projects were in place. We are therefore particularly concerned that the entire matter of constraints to the delivery of environmental water appears to

have been overlooked. This underscores our over-arching concern about the bias in favour of the irrigation industry above all else.

We sincerely hope that these issues will be properly addressed in the Panel's final report.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Moles', written in a cursive style. The signature is positioned above a horizontal line.

Sarah Moles
Secretary.