

# Countdown to COAG

## What's important for rural and regional communities?

NFF Water Forum

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Leith Bouly

**Chairman, Community Advisory Committee to the Murray-Darling Basin  
Ministerial Council**

I would like to begin by acknowledging the Ngunnawal people, the traditional owners of the land that we are meeting on.

I have been asked to speak about water and expectations of COAG from the perspective of rural and regional communities, within the Murray Darling Basin in particular.

Water is the lifeblood, in every sense of the word, of rural and regional communities – without it many of our inland towns will cease to exist or become third world ghettos.

We glibly use the terms community or communities without understanding or explaining what we mean.

The Basin 'community' is a highly complex, interacting set of communities. We are all members of different communities at once, some defined by place – upstream and downstream, others by interests, values or profession, many are social, indigenous communities have endured for thousands of years, others are short-lived. Some are large like Canberra or Adelaide, medium sized like Shepparton or Griffith, and small like Deniliquin or Berri.

There is no one community view. In fact there are always many different and conflicting views depending on where people live and their particular perspectives.

What I will try to do is reflect what the Community Advisory Committee has seen as an emerging consensus while acknowledging that there will always be a range of diverse views about all of the issues inherent in a discussion about water.

The Murray-Darling Basin Ministerial Council has had in place since 1986 a Community Advisory Committee (CAC). The Council has recently appointed 20 new people from across the Murray Darling Basin to advise them on **the full range of views of Basin communities on natural resource management issues** and to participate, as directed by Council, in policy development processes of the Commission and Council. These people are a direct conduit into and out of the decision making process for the Murray Darling Basin.

The scale and complexity of the Basin makes their task difficult but critically important because we know that while governments can make the 'law', if people don't like it, don't understand it, don't know how to put it into practice or don't know about it then they

won't change their behavior to achieve its aims and objectives. The CAC provides advice to the Ministerial Council on the likely 'acceptability' of policy proposals and may offer alternative approaches (if there are any) where significant resistance in the wider community is likely to be encountered.

The 2004 COAG Water Reforms are about changing Australian's thinking and behavior in relation to water and water management in a very fundamental and challenging way in order to achieve the multiple objectives of; increasing the productivity and efficiency of water use, sustaining rural and urban communities, and ensuring the health of river and groundwater systems (1).

There is little debate about the desirability of achieving these high level objectives – the mechanisms used to achieve them are however highly contestable and contested because while reform may achieve outcomes that provide overall benefits to society as a whole, there will be winners and losers at an individual and community level. This is a reality that no one should attempt to deny. Individuals, industry, banks, environment representatives and communities are calling for 'certainty' of some description. Unless you listen carefully you might misinterpret or not even hear the second message being communicated – *if Australians' values have shifted in response to new knowledge and the status quo must change then governments must put in place measures to ensure that;*

- Those who 'win' (all Australians) from the reform process provide for those who 'lose' whether they be individuals or communities.
- The 'rights and obligations' for both consumptive users (urban and rural) and the environment are clarified and protected.
- Water resource planning is informed by the 'best available' science through an inclusive process of debate and negotiation where communities and traditional owners sit with government to determine the outcomes and how they will be achieved.

In dealing with the current set of challenges and proposed reforms we must remain acutely aware that past reforms have denied opportunities to Indigenous people, floodplain graziers and many other interests. Just as they must do again on 25<sup>th</sup> June 2004 governments have in the past taken 'social' decisions to allocate and/or reallocate water and in some cases water quality to other uses and users. It is a scarce resource.

The reality we face as Australians is that we will never have enough water to satisfy the needs and aspirations of all communities.

The National Land and Water Resources Audit indicates that the increase in water use from 1984 to 1996 was over 50%. The Trend Scenario in the "Water and the Australian Economy" study further predicts a 41% increase in overall demand for water over the next 20 years (2). While there is evidence that much of this demand can be satisfied through improvements to water use efficiency and deregulated water markets we also know that for many rivers we have compelling evidence of the need to provide water for the environmental services which underpin our economic and social security. This provides fertile ground for conflict to emerge and of course for politics and ill informed 'do gooders' inflame it.

There are no simple answers anymore.

Professor Peter Cullen's remarks to an Adelaide audience last month highlight the need for everyone to take some personal responsibility (3) - *You have been vociferous about the importance of leaving enough flow to keep the Murray mouth open and protect the health of the Murray. There is an inconsistency with this concern for the river and the belief that you can just keep taking whatever you want from the river.....your fixation is on what you believe are wasteful rice growers upstream, who happen to be in another State. Just why "wasteful" rice growers should destroy their community to support a "wasteful" city is not quite so clear.*

Within the Murray Darling Basin communities have been dealing with the complex challenges of increasing demand, over allocation and decline in river health for a long time. While the Australian media ever searching for sensationalism would perhaps have one believe that nothing is being done and that we are all doomed, this is not the case. Go to any catchment in the Murray Darling Basin and you will find many examples of individuals and communities focussed on changing the way they manage their water and other resources to balance environmental, economic and social values. Many irrigators and irrigation communities have already given up significant proportions of their entitlements to provide water for the environment without recompense. Many willingly contribute significant amounts of money and effort to Land and Water management plans. Dryland farmers are adopting new management practices to deal with biodiversity and salinity. Many of these people will tell you that they would like to do more. They will also tell you that the more governments, external interests and the media paint them as 'uncaring water guzzling vandals' the more difficult it is to be motivated and motivate others.

You can surely understand why feelings of confusion, frustration, anger, and fear emerge when people are blamed for the consequences of policy decisions taken by governments in the past – decisions which required irrigators to do what they are now doing – decisions which caused the establishment of businesses and a range of services to support irrigation and the people who irrigate.

Perhaps it is time to stop blaming, face the facts together and look for real opportunities to reverse the unintended consequences of what were well intentioned decisions of the past.

The CAC believe that the Murray-Darling Basin Ministerial Council's Living Murray initiative is a real opportunity to do this.

### **The Living Murray –a new way of doing business – not just a feel good environmental project?**

*...a healthy River Murray system, sustaining communities and preserving unique values*

First a little background:

The MDB dominates irrigation in Australia. Some 1.5 million hectares is irrigated representing 71 per cent of the total area of irrigated crops and pastures in Australia but a mere 1.7 per cent of the total farm area.

The value of irrigated agriculture to the Murray Darling Basin economy is approximately \$3 billion per year. Much of this wealth is generated in the southern regions of the Basin. With value-adding this rises to about \$9 billion and it is this economic activity that sustains many of the communities within the Basin and beyond – as much of our water is exported to the cities and overseas where it is consumed by others as food and fibre.

Of course wealth is not only generated from irrigation in the Basin – among other things the Murray supports a \$13.5 billion per annum manufacturing sector in South Australia and tourism in the MDB has an estimated annual worth of about \$3.5 billion. For these sectors to maintain current activity or grow they will require good water quality and for tourism - beautiful healthy environments for people to visit and revitalise their cultural and spiritual wellbeing.

Many people in many Basin communities depend on rivers and water for their livelihoods – some 2 million in total. Obviously irrigation is the largest user of water.

Governments took 'social' decisions a long time ago and invested in the infrastructure to create what we now have. All Australians have benefited from the wealth generated over the last century and the fantastic food and fibre they now take for granted. Is it now time for them to reinvest? To ensure an ongoing supply of the products they value at the same quality enjoyed today.

In the lead up to the COAG and Murray-Darling Basin Ministerial Council meetings in 2003 the Community Advisory Committee hosted a forum for people from across the Basin to express their views on the process and progress of The Living Murray.

They said (4)- *" There is deep concern in the Basin community that the costs of TLM will fall disproportionately on particular stakeholder groups or communities. ....policy makers must work to see that no single group is disadvantaged relative to others – and that costs are shared by those who benefit.*

The Forum *affirmed the importance of broadening community discussion and consultation beyond direct stakeholders and the need for **prompt action** to ensure a healthy River Murray system, sustaining communities and preserving unique values (The Living Murray vision).*

The forum also said - *The process of engagement is as critical as the outcome.*

A stakeholder survey (5) undertaken in 2001 in the Basin indicated that 95 per cent of those surveyed strongly supported the principle of improving the health of the Murray River system, through increased environmental flows. However, it also showed that this support level dropped to 40 per cent if the community were not included in the decision-making process.

In August and November of 2003 two very important decisions were taken which reflected that governments had listened to what was being said by communities (6).

1. Recognising the declining health of the River Murray system in particular, COAG noted that member jurisdictions of the southern Murray-Darling Basin have agreed to provide new funding of \$500 million over five years to address water over allocation in that part of the Basin.
2. The Living Murray First Step decision taken by the Murray Darling Basin Ministerial Council with the following elements:
  - an initial focus on maximising environmental benefits for six significant ecological assets with specific ecological objectives and outcomes agreed for each
  - recovered water being built up over a period of five years to an estimated average 500 GL/ year of 'new' water after five years, with the volume to be used each year depending on a range of factors such as droughts and flood events
  - the water for this First Step to come from a matrix of options with a priority for on-farm initiatives, efficiency gains, infrastructure improvements and rationalisation, and market based approaches, and purchase of water from willing sellers, rather than by way of compulsory acquisition
  - an adaptive management approach ("learning by doing")
  - communities to be involved in planning and arrangements for implementing the First Step including water recovery and finalisation of the environmental objectives

These two decisions signalled a number of things to the Basin community:

1. That protecting the health of the Murray is critical to underpin the long term social and economic well being of communities dependent on the river.
2. That governments are no longer going to 'steal' water from consumptive users to address issues that benefit all Australians – rather they will purchase it from 'willing sellers'.
3. That policy decisions will be informed by the best available science.
4. That there will be a focus on achieving specific outcomes at particular sites through innovative use of all of the available water.
5. That a 'learning by doing' approach which respects the highly variable and complex nature of the River Murray System will be adopted.
6. That communities will be involved in a meaningful way in the implementation of the First Step Decision.
7. That there would be further steps taken should this effort be insufficient to achieve a 'healthy working river'.

Mark Twain's belief was that Australian history was made up of – 'beautiful lies, romantic falsehoods'. Will The Living Murray be a fresh new start or more of the same?

Any reasonable person could interpret these decisions as having set a precedent for how governments now intend to deal with over allocated river systems. It would be most unfortunate if the irrigators and communities impacted by The Living Murray process

were to be given preferential treatment. It is now unlikely that there would be support for reform outside of the boundaries of The Living Murray process if a similar approach is not adopted elsewhere.

The CAC believes that The Living Murray is not just an environmental project but offers a whole new way of doing business into the future. An approach focussed on triple bottom line outcomes as people strive at individual and collective levels to create a Healthy Working River – a task that will never be completed.

Whether or not The Living Murray decision will continue to be supported by a broad cross section of interests and communities within the Basin is dependent on the content of the IGA's for both the National Water Initiative and the Murray Darling Basin.

To be effective the Murray Darling Basin IGA must enable the seven points described above and the National Water Initiative must reflect the following issues to secure support (see Appendix 1 for more detail).

1. The **Murray-Darling Basin Ministerial Council** must be given responsibility and accountability for achieving the outcomes specified in the **Living Murray First Step Decision** in full.
2. Perpetual water access entitlements that cannot be eroded by interceptions must be initialised for consumptive and environmental/cultural water within 5 years.
3. Acknowledgement that debate and negotiation over what is required to achieve Healthy Working Rivers will be ongoing and that any deliberate change to a water sharing plan (whether it is informed by science or not) which reduces water availability is a policy decision. There is no "science" risk per se.
4. Much of the current debate about the assignment of risk reflects a poor understanding of science, the science process and its role in decision making. It is elected governments that make policy not science or scientists and one should not try to hide behind the other. Science like economics or social theory, each having their elements of facts and beliefs, rarely provides absolute certainty but does provide guidance. The community has a right to expect that the 'best available' science (no matter where its origins) will contribute facts into policy along side social, economic and cultural data. There is no magic formula for weighting different data sets apart from the 'value sets' of decision makers.
5. In order to create new opportunities for new and existing water users, impediments to trade should be removed within 5 years and the market regulated to protect the environment.
6. Given the importance of evidence in the policy formulation process a major initiative should be financed at the national level focussing on freshwater ecology, the water economy and possible futures for rural and regional Australia.
7. Processes which allow informed debate and negotiation of the actions required to achieve Healthy Working Rivers to happen in an inclusive and transparent manner must be adopted by all jurisdictions.

## Conclusion

Competition for water will only increase over time – between rural and urban users, between upstream and downstream users, between neighbours and between consumption and the environment.

As important as the water itself is to communities, the processes through which decisions are made to allocate/reallocate it between uses are of equal or greater importance.

Conflict and resistance to change will be reduced if governments make a commitment that the water required to meet changing societal values will be purchased from willing sellers, in ways that assist the revitalization of rural and regional communities, with the costs being borne by those who benefit

The precedent established by The Living Murray should be adopted for all river systems where additional water for environmental outcomes is required.

I have already said that water is the lifeblood in every sense of the word to rural and regional communities. They know they have an obligation to do better. They will do better if they are seen as part of the solution rather than as the problem.

Governments have an obligation on the 25<sup>th</sup> June 2004 to create a policy framework that will assist all Australians, both now and in the future to do so.

Rural and regional communities across the MDB are expecting a National Water Initiative that will inspire all Australians to 'do all that needs to be done'.

Water is fundamental to life – everyone has an obligation to protect it (Wentworth Group).

## References

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Nancarrow, BE & GJ Syme (2001) *Stakeholder Profiling Study – Environmental Flow and Water Quality Objectives for the River Murray Project*, Murray-Darling Basin Commission, Canberra

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## Appendix 1

1. The **Murray-Darling Basin Ministerial Council** must be given responsibility and accountability for; achieving the outcomes specified in **The Living Murray First Step Decision** in full.
  - a. Sourcing **at least 500 GL** of water for the Murray through the investment of \$500 million in 5 years.
  - b. Identifying and funding proposals/packages that achieve multiple benefits (eg salinity) through leveraging private investment for outcomes other than water for the environment.
  - c. Developing an environmental watering plan for the River Murray system in consultation with communities (including those in the tributaries of the Goulburn and Murrumbidgee) and Indigenous people's to be released for public comment on 1 November 2004.
  - d. Appointing an independent audit group to report to the public at years 3 and 5.
2. Initialise perpetual water access entitlements for consumptive and environmental water within 5 years. In order to protect these titles all interceptions must be regulated and those that represent growth in diversions offset from the consumptive pool through the purchase of entitlements.
3. Much of the current debate about the assignment of risk reflects a poor understanding of science, the science process and its role in decision making. It is elected governments that make policy not science or scientists and one should not try to hide behind the other. Science is but one input into policy formulation – societal values, economic considerations, ability to pay, social harmony, bias and politics make up some of the other inputs. Science like economics or social theory, each having their elements of facts and beliefs, rarely provides absolute certainty but does provide guidance. The community has a right to expect that the 'best available' science (no matter where its origins) will contribute facts into policy along side social, economic and cultural data. There is no magic formula for weighting different data sets apart from the 'value sets' of decision makers. COAG must:
  - a. Acknowledge that debate and negotiation over what is required to achieve Healthy Working Rivers will be ongoing.
  - b. Determine that any deliberate change to a water sharing plan (whether it is informed by science or not) which reduces water availability is a policy decision. Consistent with the approach for The Living Murray all policy decisions requiring the consumptive pool to be reduced should trigger governments alone or in partnership with industry/private sector to purchase water from willing sellers with the cost share determined by where the benefits fall. It is likely that if a multiple benefits approach is taken the public investment will leverage at least \$1 for every \$1 of tax payer's contribution. Surely, a win - win? Processes to progress this approach should be put in place by jurisdictions within 5 years.

- c. Affirm that those changes to water availability brought about by climate change, drought, bushfire or other natural events should be internalised by consumptive users
- 4. It has been demonstrated by many economists that there are potentially significant benefits to society from the removal of impediments to permanent trade. This adjustment cannot be achieved over night or without dealing with issues such as stranded assets (community and water infrastructure) and environmental impacts. COAG should put in place processes to remove the impediments to trade within 5 years and regulate the market to protect the environment.
- 5. Given the importance of evidence in the policy formulation process COAG should finance a major initiative at the national level focussing on freshwater ecology, the water economy and possible futures for rural and regional Australia to.
  - a) assist the debate about what a 'healthy working river' is
  - b) Develop appropriate performance indicators, monitoring and evaluation frameworks for use in assessing the impacts of environmental flow purchase and management i.e. across the social, economic and environmental spectrum.
  - c) Design the water economy of the future rather than just letting it happen.
  - d) Quantify the risks to surface water and ground water availability
  - e) Explore the risks and uncertainties in achieving the results sought
- 6. For many people in rural and regional Australia the process of developing a water sharing plan is as important as the outcomes it articulates and therefore the process is an outcome in and of itself. COAG should agree that:
  - a. The process of development and implementation of water sharing plans is an outcome in itself.
  - b. the essential outcomes of a water sharing plan include;
    - i. Community support
    - ii. Demonstration that all available science has been taken into account through an independent review process
    - iii. Identification of assets (ecological, economic, cultural, social).
    - iv. Quantification of outcomes and objectives.
    - v. Monitoring and evaluation processes.
    - vi. Mechanisms to deal with unresolved issues.
    - vii. Mechanisms for review and amendment
    - viii. Mechanisms for public reporting
    - ix. Mechanisms for ongoing public involvement.
  - c. All jurisdictions will put in place processes which allow the debate and negotiation of the actions required to achieve Healthy Working Rivers to happen in an inclusive and transparent manner.
  - d. Provide resources for Indigenous people to be involved and that their views and needs will be respected and reflected in all plans and works.