

Socio-economic conditions in the Murray Darling Basin Submission

The socio-economic conditions of the Murray Darling Basin share many characteristics with other areas of regional Australia – lower incomes and difficult access to important services. These should be addressed as well as the mismanagement of the Basin’s water resources, which has hit particularly hard communities on the Darling/Barka and the NSW Murray.

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Summary

The socio-economic conditions in the Murray Darling Basin are similar with non-Basin areas of Australia in many respects. Incomes are lower and access to education, health and other services is more difficult than city areas. Consideration of the socio-economic conditions of the Basin must consider these wider issues, as well as Basin-specific water and agriculture issues. Agriculture makes up just 9% of Basin employment, highlighting the need for a broad-based approach.

The Australia Institute's work in the Basin has focused on two areas, the Darling/Barka and the NSW Murray. The communities in these areas are facing dire socio-economic conditions, exacerbated by the mismanagement of the Basin's water resources. We urge the Panel to consult these communities on topics including:

- Northern Basin management practices that have seen large areas of cotton grown while communities rely on trucked-in drinking water.
- Floodplain harvesting.
- The Barwon Darling water sharing plan.
- The Menindee Water Saving Project, the Broken Hill Pipeline and Tandou water purchase.
- The draining of Menindee Lakes and the summer fish kills.
- The flooding of the Barmah Millewa forest and its impact on NSW Murray water allocations.

Regional development in general would be best addressed by seeing it not through the lens of a particular primary industry, but by addressing socio-economic needs of the wider communities, ie low-incomes and stagnant wages and limited access to education, health, transport and communications services.

On the Basin more specifically, socio-economic development would be greatly enhanced by properly addressing water theft, mismanagement and malfeasance. The beneficiaries of the Basin's management decisions have too often been powerful business, political and bureaucratic interests, not communities.

Introduction

The Australia Institute welcomes the opportunity to make a submission to the Independent Assessment of Social and Economic Conditions in the Murray-Darling Basin. The Institute has been a prominent voice in Basin issues for several years. We are based in Canberra, one of the Basin's largest communities, and worked closely with stakeholders across the Basin.

This submission includes material particularly relevant to 'key questions' 2 and 4:

(2) What have been the social and economic experiences of Basin communities, relative to other rural and regional communities in Australia, and what have been the main underlying drivers of these experiences?

(4) How have water reforms and changes impacted different Basin communities to date, and what future impacts and opportunities are likely?

We conclude by addressing key questions 6 and 7:

(6) What strategies have the greatest potential to enhance the resilience, adaptability and wellbeing of different Basin communities?

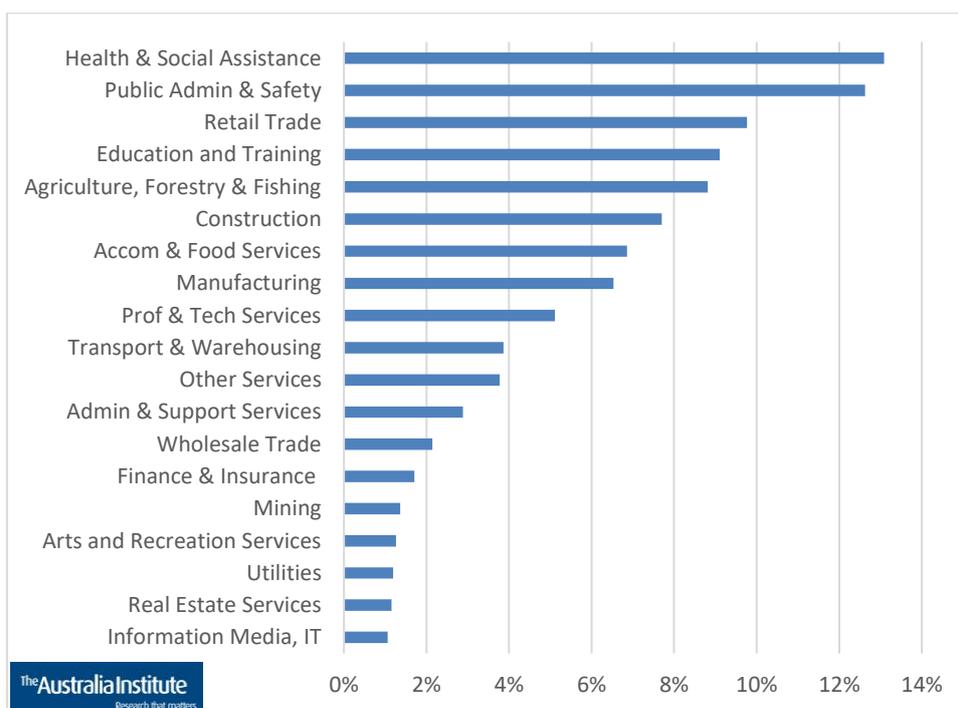
(7) What are the responsibilities and distinctive contributions of governments, businesses, non-profit groups, and individuals in enabling action to promote prosperous and sustainable Basin communities?

This submission includes information on the Basin and wider development in rural and regional Australia, as well as highlighting the experiences of the communities of the Darling/Barka and the NSW Murray.

The Basin in regional development context

The terms of reference for this review highlight that it is not a review of the Basin Plan. This provides the panel with an opportunity to look beyond the agriculture and water management sectors and take into consideration some of the wider factors in Australia's rural and regional development. This is important as agriculture is far from the only factor in regional development. Across the Basin all forms of agriculture make up just 9% of employment, making it a smaller employer than health, public administration, retail and education, as shown in Figure 1 below:

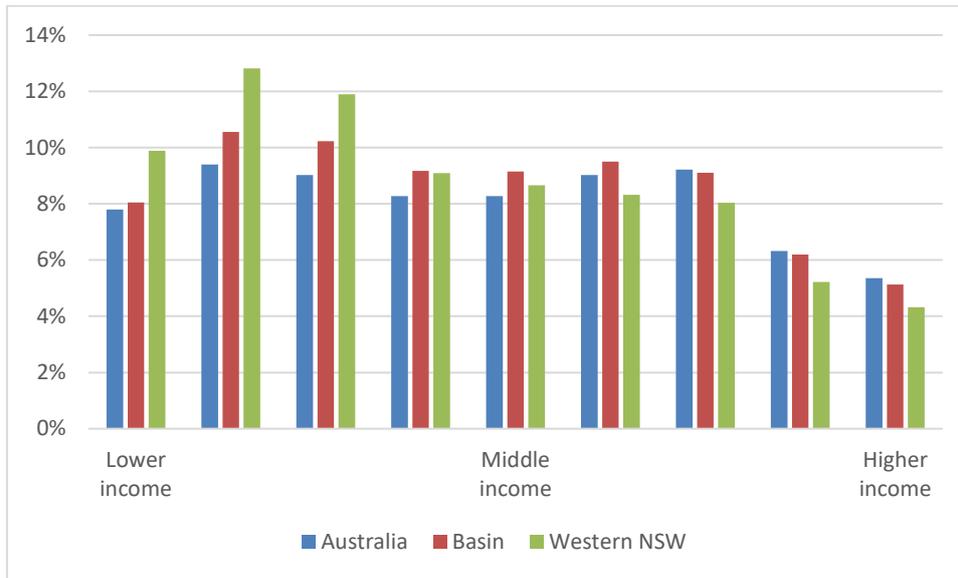
Figure 1: Murray Darling Basin employment by industry



Source: ABS 2016 Census, accessed via TableBuilder Basic

In employment and in other socio-economic themes, the Basin looks broadly similar to Australian averages. However, the Basin itself has a wide range of socio-economic conditions and averages can be deceptive. Figure 2 below shows proportions of income earners for the overall Australian population, the total Basin population and for the Western NSW part of the Basin:

Figure 2: Income earners in Australia, Basin and Western NSW



Source: ABS 2016 Census, accessed via TableBuilder Basic

Figure 2 shows that Western NSW has substantially higher percentages of its income earners receiving lower incomes than the Basin as a whole or the Australian average. While the Basin as a whole largely resembles Australia, the gap between the Basin and national averages increases if centres like Canberra, Albury/Wodonga and Murray Bridge are excluded from statistics. While Figure 1 above is based on income data, trends are similar for other socio-economic indicators such as health and education data.

All of this highlights the opportunity that this assessment has to look beyond averages, beyond the Basin Plan and beyond the agriculture sector. We urge the panel to consider how the development of the Basin could be improved with policies that are also applicable outside of the Basin. These include:

- The importance of income support, including increases to Newstart and a major overhaul of the Community Development Program, which applies in particularly vulnerable parts of the Basin.¹
- Access to education and health services.
- Transport links and communications infrastructure.

The need to look beyond the irrigation sector is highlighted by recent experience at the other end of the country. Efforts to drive community development via irrigation

¹ See Campbell et al (2018) *Remote Control: The Community Development Program, remote Australia's Work for the Dole scheme*, <https://www.tai.org.au/content/remote-control-community-development-program-remote-australia%E2%80%99s-work-dole-scheme>

infrastructure have failed spectacularly on the Ord River. As a part of response to the global financial crisis, over \$360 million was spent by taxpayers expanding irrigation in that region. Despite this huge subsidy, only 60 jobs were created in the irrigated agriculture sector, a cost of around \$6 million per job. Far greater community benefits were generated by investment in community infrastructure, including upgrading the local TAFE.²

The lesson here is simple – capital intensive industries such as irrigated agriculture do not employ many people. Subsidies to such industries are unlikely to drive regional development. Investment in services that are used by a wide section of the community, that make regional areas more convenient and pleasant to live in and move to, are likely to be more job-intensive and spread benefits wider across the community.

Having said this, parts of the Basin have been badly affected by the maladministration of the Basin's water resources. We urge the panel to pay particular attention to issues in the Darling/Barka and the NSW Murray.

² WA Auditor General (2016) *Ord-East Kimberley Development*, <https://audit.wa.gov.au/reports-andpublications/reports/ord-east-kimberley-development/auditor-generals-overview/>; Campbell and Grudnoff (2017) *Dam the expense The Ord River irrigation scheme and the development of northern Australia*, <https://www.tai.org.au/content/dam-expense-ord-river-irrigation-scheme-and-development-northern-australia>

Darling/Barka

The Darling/Barka and the people that live along it have been badly affected by a range of policies. The NSW Natural Resource Commissioner recently described the rivers here as “an ecosystem in crisis”.³

If possible, the communities that live depend on these rivers have been treated still worse. This is demonstrated by the region being completely ignored by socio-economic assessments of both the northern and southern Basins. The Northern Basin Review made socio-economic assessments of 21 communities, all upstream of Bourke. Assessment of 47 southern Basin communities included nowhere upstream of Wentworth.⁴

In other words, water agencies have made no consideration of the socio-economic wellbeing of communities across nearly 1,000 kilometers of the Darling/Barka. This includes the Barkindji Nation, who have Australia’s largest native title holding in this area. Their native title includes rights to cultural water, which they are currently being denied.

The Australia Institute has written extensively about water management issues, the implementation of the Basin Plan and socio-economic considerations in the Darling/Barka. The panel should seek the views of communities, indigenous nations, floodplain graziers and people in Broken Hill on the following issues. We will attach to this submission relevant Australia Institute publications.

Owing down the river

Despite the extremely dry conditions of the Darling/Barka, with some towns relying on trucked-in drinking water, almost 2,000 gigalitres was consumed by the northern basin irrigation industry in the last year, growing cotton over 280,000 hectares. No water flowed to Menindee Lakes, the site of the summer fish kills.

³ NSW NRC (2019) *Draft report: Barwon-Darling water sharing plan review*, <https://www.nrc.nsw.gov.au/announcements/news-bddraftreport>

⁴ MDBA (2016) *Northern Basin Review Technical overview of the social and economic analysis*, <https://www.mdba.gov.au/sites/default/files/pubs/NB-social-economic-technical-overview%20final-Dec16.pdf>; MDBA (2017) *Southern Basin community profiles*, <https://www.mdba.gov.au/publications/mdba-reports/southern-basin-community-profiles>

While the cotton industry often claims that it is an annual crop, reducing demand when water is scarce, data shows that high cotton production often occurs in years with minimal flow in the Darling/Barka. Key factors are floodplain harvesting and flows in the Barwon Darling water sharing plan.⁵

Submission on floodplain harvesting

A major factor in the mismanagement of the Darling/Barka is floodplain harvesting – the large scale diversion of floodwaters into private storages. Largely unmeasured and unregulated, various reviews including the NSW Natural Resource Commission have identified floodplain harvesting as contributing to the ecological decline of the Darling/Barka.

Our submission was jointly written by The Australia Institute, the Darling River Action Group, Tolarno Station and Southern Riverina Irrigators.⁶ We urge the panel to consider how past floodplain harvesting has affected the people of this region and our research showing that currently proposed regulation of the practice will be inadequate to make the practice sustainable.

Barwon Darling water sharing plan (WSP)

The Barwon Darling WSP is not based on science. The water sharing rules in place prior to 2012 were based on extensive consultation and robust science, however these were replaced with a fundamentally deficient model of the Cap on water diversion. These flaws are likely to have contributed to increased water take higher up in the catchment, contributing to the dire socio-economic conditions faced by the people and ecosystems of the Darling/Barka at present.⁷

⁵ Slattery et al (2019) *Owing down the river: Mortgaging the future flows of the Barwon-Darling/Barka River*,

https://www.tai.org.au/sites/default/files/P685%20Owing%20down%20the%20river%20%5BWEB%5D_4.pdf

⁶ Australia Institute et al (2019) *Draft floodplain harvesting monitoring and auditing strategy*,

<https://www.tai.org.au/sites/default/files/P684%20Submission%20on%20FPH%20draft%20strategy%20%5BWEB%5D.pdf>

⁷ Slattery and Campbell (2019) *Submission Barwon-Darling Water Sharing Plan Review*,

<https://www.tai.org.au/content/submission-barwon-darling-water-sharing-plan-review>

Trickle out effect: money & water in the Lower Darling

The socio-economic conditions of the Lower Darling/Barka have been severely impacted by plans for the Menindee Water Savings Project supply measure, a project strongly opposed by the local community. The project involves the reconfiguration of the Menindee Lakes and efforts to reduce water demand in the Lower Darling, via ending irrigation and the Broken Hill pipeline. Without demand from Broken Hill and Lower Darling irrigators, local communities fear there will be little incentive for governments to keep water flowing down the Darling/Barka from Bourke to Wentworth. With the Darling/Barka currently dry, these fears seem well-founded.⁸

I'll have what they're having

Rubbing salt into the wounds of the Darling/Barka communities is the fact that a huge payout was made by governments and water agencies to major agribusiness Webster Limited, the owners of Tandou Station, formerly the largest irrigation property in the region. The purchase of \$38 million dollars of water rights and an additional \$40 million compensation for loss of business is unprecedented. As far as we are aware, no other stakeholder across the entire Basin has received such compensation, in addition to generously priced water acquisition. In addition to being inequitable, this money could have facilitated better socio-economic outcomes had it been spent on goods and services accessible by the whole community rather than a major agribusiness.⁹

A fish kill QandA

The summer fish kills have had a devastating impact on the ecosystem and communities of the Darling/Barka. While drought was the catalyst, the cause was mismanagement of the Menindee Lakes, overseen by both state and federal government agencies. The Murray Darling Basin Authority (MDBA) drained the Menindee Lakes needlessly in 2016-17, during a period of flooding in South Australia.¹⁰

⁸ Slattery and Campbell (2018) *Trickle Out Effect Drying up money and water in the Lower Darling*, <https://www.tai.org.au/content/trickle-out-effect>

⁹ Slattery and Campbell (2018) *I'll have what they're having A step-by-step guide to valuing compensation in the Lower-Darling*, <https://www.tai.org.au/sites/default/files/P584a%20Ill%20have%20what%20theyre%20having%20%5BWEB%5D.pdf>

¹⁰ Slattery and Campbell (2019) *A fish kill QandA Questions, answers and dead fish in the Menindee Lakes*, <https://www.tai.org.au/content/fish-kill-qanda>

NSW Murray

Southern Discomfort: Water losses in the southern Murray Darling Basin

Another area of the Basin experiencing socio-economic hardship is the NSW Murray, where multi-generational farming families are walking off their land, often despite having state-of-the-art operations. These farms received zero water allocations in 2018-19, but could have received between 16% and 61% of their allocations were it not for poor management decisions by water agencies.

The management decisions that caused such hardship are the draining of Menindee Lakes, referred to above in *A Fish Kill QandA*, and the decision to flood the Barmah-Millewa Forest. In an attempt to meet increased demand from recently planted nut plantations, as well as the SA state entitlement, water managers were forced to run the Murray above bank for a sustained and unseasonal period. This resulted in substantial water losses, reducing water available to NSW Murray irrigators. Southern Riverina Irrigators are taking legal action relating to this flooding.¹¹

¹¹ Slattery and Campbell (2019) *Southern Discomfort Water: losses in the southern Murray Darling Basin*, https://www.tai.org.au/sites/default/files/P742%20Southern%20Discomfort%20%20%5BWEB%5D_0.pdf

Conclusion

We end this submission with consideration of key questions 6 and 7:

(6) What strategies have the greatest potential to enhance the resilience, adaptability and wellbeing of different Basin communities?

(7) What are the responsibilities and distinctive contributions of governments, businesses, non-profit groups, and individuals in enabling action to promote prosperous and sustainable Basin communities?

Regional development in general would be best addressed by seeing it not through the lens of a particular primary industry, but by addressing socio-economic needs of the wider communities, ie low-incomes and stagnant wages and limited access to education, health, transport and communications services.

On the Basin more specifically, socio-economic development would be greatly enhanced by properly addressing water theft, mismanagement and malfeasance. The beneficiaries of the Basin's management decisions have too often been powerful business, political and bureaucratic interests, not communities. We have recommended several steps to start fixing the problems of the Basin's water management:

- Provide emergency relief to the southern Basin dairy industry.
- Develop a policy framework to ensure diversity in Basin agriculture.
- A federal Royal Commission or federal ICAC investigation.
- Pause the Basin Plan until the above steps have been carried out.

These steps would return a sense of accountability and good management to the Murray Darling. They have strong public support inside and outside the Basin. They can be taken relatively easily if Basin governments have the political will. They are outlined in more detail in our briefing note on this topic.¹²

¹² Slattery and Campbell (2019) *Briefing note: First steps to fix the Murray-Darling Basin*, <https://www.tai.org.au/content/briefing-note-first-steps-fix-murray-darling-basin>