

Melbourne Institute/The Australian
Second Economic & Social Outlook Conference
Pursuing Opportunities & Prosperity

Water Scarcity: Challenging Some Australian Myths

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Water Scarcity

- Plenty of water
- But not where & when we want it
- Variable rainfall & runoff
- Build large dams to store water
- Water creates wealth & much competition for it
- Climate change may reduce the amount we have

Enduring Myths

- we could make the deserts bloom if we gave them water
- water going to the sea is wasted
- we turn water into gold by extracting it for irrigation
- BUT, have caused
- Salinity & degraded river health

Reality

While some older Australian radio shock jocks still hold these quaint views, most Australians now appreciate that if we destroy the river systems upon which we depend neither rural nor urban Australians will be able to continue in the ways of the past.

Five guiding principles

- All Australians have a right to a supply of safe water for domestic use
- All have responsibility to use water efficiently
- Environmental health provides essential foundation for all other uses – not an optional extra
- Those who use water to create wealth need security & must take responsibility for sustainable outcomes
- Australians must become water literate

The Vision

Double the GDP coming from irrigated agriculture &
Halve the water use – thus restoring our rivers to health.

Water Use Efficiency \$/ML return

Pasture 300

Rice 300

these use 67% of water

Cotton 600

Sugar 400

Fruit 1500

Grapes 900

Vegetables 1800

Murray River

- to acquire water for the environment,
- to identify key ecological assets to be protected,
- to deliver the watering regime they need, &
- to monitor & report on progress so we can learn as we go.

Where are we?

- CoAG, August 2003 agreed to \$500 million to restore health to Murray
- The MDB Ministerial Council meets today to take a first step
- Federal position is to recover 500GJ for the river
- To protect some identified assets

Will this do?

- Science is telling us the river needs 1500 Gl to have a medium chance of restoration
- The first step commits to 1/3 of this – but an excellent start
- The icons approach is good since it helps people understand the outcomes

The Challenge

- Can the agencies who have caused these problems be trusted to fix them
- Or will the money again be wasted in endless negotiation, consultancies & cost-shifting
- Independent expert Murray Water Trust to acquire the water in the cheapest way possible & to ensure it is delivered to maintain the agreed environmental assets.

The Great Water Buy-Back

- Lets ask irrigators how much water they will sell the Government at what price?
- A tender based buy-back
- Just like the current proposal of Telstra offering to buy back some of its own shares
- CGT treatment could make very attractive

The Great Water Buy-Back

- Could target a certain amount of money to key valleys
- Can stage – do it each yr for 5 yrs seeking say 150GL/yr
- Takes water from least profitable uses who choose to sell

Infrastructure improvements

- Many parts of system have not been maintained & are failing – & the people who have chosen not to pay enough to maintain them think taxpayers should replace
- Could cost between \$3000-6000 /ML
- Should only invest if it's a good deal
- Any infrastructure projects worth doing will be done by farmers or irrigation suppliers so they can sell water
- Prevents taxpayers being saddled with dubious infrastructure projects

The “First Step” to Save the Murray

- Hopelessly flawed public engagement process
- The science is strong enough to tell us we must make a start & Govts appear to be agreeing
- The community is telling us they want a fair & transparent process,
- Economic & social impacts await the approach chosen
- Tender process proposed is far better than any administrative decision to reduce everyone’s allocation by some set %.

Murray-Darling Basin Ministerial Council

- Welcome the Australian Governments commitment to the first 500 GL
- A good first step – but more will be needed
- Must develop a transparent & accountable mechanism for getting the water that gives us value for money

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