

The Chair,
Independent Assessment of
Social and Economic Conditions
in the Murray-Darling Basin,
Assessment Panel,
GPO BOX 1801
Canberra City
ACT 2601

7-8-2019

Submitted through website portal

Dear Robbie,

Re: Feedback on Draft Terms of Reference

Firstly, I would like to offer Cotton Australia's thanks to the Panel, for making the commitment to carry-out this assessment.

Cotton Australia believes it is very important for the true social and economic costs of the Basin Plan are recognised, but also at the same time recognise that there are also many other external factors that are having significant positive and negative impacts on the communities and industries of the Murray-Darling Basin.

It is probably important, prior to making comment on the Draft ToR, for me to summarise Cotton Australia's position on the Basin Plan, which is as follows:

-) Cotton Australia recognises that the Basin Plan is far from perfect, and that it has been a vocal critic of many aspects of the plan since its inception over a decade ago.
-) Despite the above, Cotton Australia is of the view, that it is important that the implementation of the Plan as written in 2012, and re-agreed to at the MINCO meeting in December 2018, is completed. Further;
-) The focus should start to shift from finalisation of implementation, to a genuine discussion on how the best possible environmental outcomes can be achieved from the available pool of environmental water. This is likely to require further investment on what we (many in the irrigation sphere) have described as complementary measures. These are numerous in nature but can include actions such as re-snagging, improving fish-passage, riparian zone management, controlling/eradicating European Carp, ameliorating cold water pollution out of headwater storages etc.

While Cotton Australia is committed to the finalisation of the Basin Plan, it does recognise that it is coming at a very real social and economic cost, and this must be appropriately managed.

Cotton Australia acknowledges the work done by the Murray-Darling Basin Authority and in particular its former staff member Phil Townsend, when he carried out its social and economic assessment as part of the Northern Basin Review. Cotton Australia recommends that the Panel seeks the view of Mr Townsend.

While Cotton Australia can take issue with some aspects of the work, what it very clearly demonstrated, was that in some communities the implementation of the plan has come at an enormous cost.

His work identified that a 320GL Water Recovery across the Northern Basin would cost/has cost 530 jobs.

Whether the number is exactly right or not is immaterial, what is beyond doubt that the impact has been felt in the towns of St George, Dirranbandi, Mungindi, Bourke, Walgett, Warren, Wee Waa, Moree, and Collarenebri to name just a few.

It is also probably true to say that the impact has not been felt at all in the cities of Toowoomba, Tamworth and Dubbo. It is the communities that can least afford the impacts that are the ones bearing them.

Cotton Australia has no reason to believe that the situation across the Southern Connected system will be significantly different to the north.

It is worth reflecting on what sort of criticism the government would face if they announced 530 job losses caused by a deliberate government policy. At the very least it would be under enormous pressure to supply meaningful support to those individuals, families and communities.

The relative pittance (\$100 million), approximately just 1% of the expenditure on the Plan, that has been made available to communities for economic adjustment is totally inadequate, and it would appear to have been largely ineffective.

Specific comments on the ToR

A The review will provide an independent assessment of social and economic conditions in rural and regional communities across the Basin.

Supported – It is very important that the Panel takes the time to understand what makes each community, region tick. Macro basin-wide, or even North-South data, masks the true impact of the Basin Plan. The larger centres continue to thrive; not because of the Basin Plan, but in spite of the Basin Plan. It is the smaller, less diversified communities that really suffer.

B The review will also assess the impact of the water reforms including the Basin Plan on the vulnerability, resilience and adaptive capacity of Basin communities and their development potential.

Supported – There are lots of factors that are impacting on Basin communities. Clearly the direct implementation of the Basin Plan is having an impact, as is a whole range of water reform, including crucially water market reform. In addition there are also a whole range of non-water factors, and very importantly the current severe drought.

However, while there are many factors and causes, Cotton Australia strongly believes that communities bearing the brunt of the implementation of the Plan, deserve the respect of being clearly informed of the Social and Economic cost that the Plan is imposing on them, for the benefit of the environment and the wider Australian community..

Equally, those communities, and indeed the wider community also need to understand the cost of the other reforms, and factors that are having an impact.

For example, some communities may have had less water recovery under the Basin Plan, than others, but those communities may have suffered greater losses from other recent, but earlier water reforms e.g. NSW Water Sharing Plans.

At the moment there is great interest in the Water Market, and relative high prices for water allocation and entitlement. The drivers for this are many fold, not just the Basin Plan. The Plan has reduced the available

water market pool, and simple supply and demand theory would suggest that would push up prices, but we also have the impact of the drought, and general water market reform which has made it a lot easier for water to be directed to “highest value use”.

While most people would see the logic in water moving to “highest value use” there is no doubt that some industries and some irrigation sectors and communities, are negatively impacted. It is also true that some communities have benefitted from this market establishing new or enlarged irrigated agriculture developments which have required significant investment.

C The review will support longer-term efforts to monitor and understand the social and economic conditions in the Basin, and the impacts and opportunities of water reforms on Basin communities, and will be used by governments and leaders to help evaluate the outcomes of the water reforms including the Basin Plan. This is not a review of the Basin Plan.

Supported – However, the monitoring will only have value if the results lead to action designed to minimise the social and economic cost on these communities. If the work is merely a “death-count” it has no value.

D The review should take into account the ongoing structural changes in agriculture and communities in the Murray-Darling Basin, and seek to separate the effects of these trends, and events such as drought, from the effects of the water reforms including the Basin Plan.

Supported – As discussed above, but it is crucial that this work is done and received by all parties in an honest and respectful way. There is no doubt that the Basin Plan has come at a considerable social and economic cost, but not all the social and economic pain being felt in the Basin is because of the Basin Plan.

E The work of the Panel should also explore a range of options that stimulate, foster and promote healthy and sustainable rural and regional communities in the Basin.

Supported – This could be argued to be the most important role of the Panel, because if it is not done and acted upon by government, and the implementation of the Plan continues, then the work of this committee risks becoming simply a recording of the “death-count”. Cotton Australia is under no illusions that it is easy to provide meaningful long-term economic assistance in communities that have traditionally had a very high reliance on irrigation and have lost access to significant quantiles of water.

However, if actions are not developed then these communities are being asked to shoulder a disproportionate cost of environmental reform.

Specific Comments on Questions Proposed to be Investigated and Answered by the Panel

Cotton Australia supports the questions and has no further comments on them except to say that it believes, for reasons outlined above, that the key question to be answered and acted on is:

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

Cotton Australia thanks the Panel for the opportunity to comment on the draft ToR and Questions, and looks forward to engaging further during the process.



Advancing Australian Cotton

For further information on this submission, or if we can assist in any way with the work of the Panel, please contact Michael Murray – 0427 707868 or michaelm@cotton.org.au .

Kind regards,

A handwritten signature in black ink, appearing to read "Murray", with a long, sweeping flourish extending to the right.

Michael Murray,
General Manager,
Cotton Australia