

Wednesday, 2 June 2010

## Basin Plan needs balance – the Wentworth Group doesn't deliver

The National Irrigators' Council has called on the Murray Darling Basin Authority to ensure it balances the needs of the environment with those of food and fibre producers and regional communities as it finalises a new Basin Plan.

NIC CEO Danny O'Brien said balance was the key to a successful outcome and was unlikely to be achieved if the MDBA follows the same approach proposed today by the Wentworth Group.

Mr O'Brien said the Wentworth Group report seemed to fail on some basic premises, particularly the fact it has used profit per megalitre as the basis for taking the bulk of water from just two rivers.

"The Wentworth Group uses some seriously flawed logic to decide that irrigation should be reduced by 65 per cent in the Murrumbidgee and 39 per cent in the Murray, but by less than 10 per cent everywhere else.

"At the heart of that flaw is the misguided use of profit per megalitre to decide where the water should come from.

"Such a measure has been described by the Australian Bureau of Agriculture and Resource Economics as 'inappropriate and misleading'<sup>1</sup> as a measure of economic efficiency. Water is only one input into an agricultural product and by basing its assumptions on water-related profits, the Wentworth Group has shown up its own lack of understanding of farm economics.

"It would also appear the Group is proposing that irrigators accept prices for their water entitlements below market value as the best way to recover water for the environment. That simply won't happen.

"The Wentworth Group proposal seems more focussed on saving money than on saving water."

The NIC has recently written to each member of the Authority urging them to ensure that they adequately consider the social and economic impacts of returning water to the environment at the expense of irrigation. Key decisions on the Basin Plan are about to be made by Authority members.

"It is clear that any decision to return water to the environment comes at an opportunity cost. That is a cost to people, lives and communities. Certainly the Basin Plan must address the needs of the environment. But just as certainly, a Basin Plan that destroys communities or industries will surely fail.

"Basing decisions on the flawed logic of the Wentworth Group would be equally disastrous."

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<sup>1</sup> ABARE, Issues/Insights 09.4 "Irrigated agriculture in the Murray-Darling Basin: A farm level analysis by region and industry", March 2009