

WaterShed

contents



- 1 — *Getting a Better Bang for the Buck?*
- 3 — *Creating a Vision for Freshwater Biodiversity*
- 5 — *Ian Lawrence Retires from the CRCFE*
- 7 — *PhD Students Applauded*
- 8 — *Do C₄ Plants Contribute to the Aquatic Food Webs in Streams?*
- 9 — *Talking Point*
- 10 — *Sidestream*

Getting a Better Bang for the Buck?

by Professor Peter Cullen

How can the Federal Government get a better return on its investments in natural resource management? The National Action Plan for Salinity and Water Quality, a \$1.4 billion program jointly funded by the Federal and State Governments has taken 18 months of negotiation, and has not yet started to achieve outcomes on the ground. State and Federal bureaucracies have been established to negotiate with each other, and will presumably soon start investing in regional bureaucracies to negotiate with them. Some people are now asking whether these overheads will consume all available funds, or will something remain for on ground implementation of regional plans? The stand-off is a tricky one. Why should Federal investments go into treating the symptoms of natural resource degradation when the States decline to control the processes causing the damage?

We now hear that the States have decided not to put any funds into the Natural Heritage Trust investments currently being planned. The States also seem to be

insisting that NHT funds should go through the States, to the detriment of existing multi-State bodies like the Murray-Darling Basin Commission, or the emerging Lake Eyre Basin Coordinating Group.

Does this mean the partnership model of natural resource investment has run its course, and we need to develop new strategies? Why should the States have any say on how these investments should be made if they are not contributing?

There are many different ways the Commonwealth might invest to get a better outcome for its dollars. Here are three.

STRENGTHEN BASIN ORGANISATIONS

There is clearly a national interest in the multi-State basin organisations that have been established. Managing land and water in these situations has clearly been beyond the capacity of the States without Federal



assistance. All NHT funds within the Murray-Darling Basin and the Lake Eyre Basin could be through these basin organisations, where the States and Federal Governments between them establish priorities, and all can use a veto power if they wish.

The MDBC is well regarded internationally, but has been having difficulty in getting the States to seriously address land and water issues. It could be turned into a Corporation, where the Directors would have to be qualified for the job, and required by law to act in the interests of the Basin rather than the interest of the States. It could move beyond veto to majority voting, and the meetings could be made public to lift accountability.

DIRECT INVESTMENT

As the regions develop their plans, they could submit them to the Federal Government as investment plans and the Federal Government could invest to achieve specific outcomes. These outcomes might be a reduction in salt or nutrients coming from a catchment, or for protecting biodiversity values. This would move beyond grants to a more contractual outcome where payment might depend on results rather than promises and hope. The States could contribute directly if they shared the objective, they might invest in other elements of the plan or they might find it necessary to assist the regions develop plans that met Federal requirements and so could attract federal funding. There would be little requirement for endless negotiation and no room for cost-shifting.



Professor Peter Cullen, Chief Executive of the CRC for Freshwater Ecology.

Photo: M Ashkanasy, courtesy of Melbourne Water

ENTER THE WATER MARKET

The Federal Government could encourage States to get on and resolve issues of property rights for water as they are required to do under the COAG water reforms, and if they are unable to do this penalise them through the National Competition Council payments.

The problem now is that we have half embraced a market solution to the problem, but have failed to clarify the underlying rights to water that will let a market operate effectively.

Governments need to finish the COAG water reforms and resolve the issue of water property rights. Where farmers have an ongoing legal right to water they should be given clear property rights, which need to be registered just as land titles are registered, and they should be allowed to trade these rights on the water market. They should not be given property rights when they are using water based on annual or short-term licences, which there is no legal requirement to renew. Governments have a responsibility to use taxpayers funds prudently, and endless compensation to anyone who complains is not appropriate.

Federal funds for water could be invested in a National Rivers Corporation that buys water in the market, and invests in infrastructure to reduce wastage, in both cases obtaining water for the environment which could then be released to provide flow regimes based on the best available scientific knowledge. This sort of strategy would not have high overheads, and would probably give the best environmental return for Federal investment in water.

At the moment we seem to be in a gridlock with natural resource management. States have the constitutional responsibility for land and water management, but have failed to deliver sustainability in rural Australia. We need the Federal Government to intervene if we are to address these issues. The past model of joint funding by State and Commonwealth appears to have run its course and the time is right for the Federal Government to explore other ways of getting a better return on its investments.