

# Australian government's water plan to benefit major agribusinesses

**Frank Gaglioti**  
**20 June 2007**

For the past two months, farmers throughout Australia's largest agricultural region, the Murray Darling Basin, have faced the threat of being stripped of water allocations for irrigation purposes, while federal and state governments have wrangled over a plan that will accelerate the introduction of trading in water rights.

In April, Prime Minister John Howard announced that if no heavy, drought-breaking, rain fell within a month, irrigators' water allocations would be eliminated for the coming year. He cynically urged the nation to "pray for rain."

Howard released a Murray Darling Basin Commission (MDBC) report, which stated that river inflows for January, February and March were the lowest on record and storages had also reached unprecedented lows. It recommended that water usage be restricted to "domestic water consumption needs".

The Murray Darling accounts for 40 percent of national agricultural production. It is Australia's largest river system, covering more than a million square kilometres, or about one-seventh of the continent, across four states—Queensland, New South Wales (NSW), Victoria and South Australia.

Cutting off all water for irrigation would have a devastating impact on an estimated 55,000 farmers throughout the basin, particularly small producers. Tree crops and vineyards would be most severely impacted. If plants die, it will take up to seven years for new crops to come into production, even if the drought breaks.

NSW Irrigators Council representative Doug Miell told the Australian Broadcasting Commission: "We are talking about a complete devastation of the heart of Australia's stone fruits, citrus, wine grapes, almonds, olives and a lot of the vegetable producing areas. So, it just doesn't get any worse than what we are confronted with now."

This month heavy rains have fallen in some parts of the eastern states. According to the Bureau of Meteorology's web site, southern Queensland and New South Wales have received between 10 and 200 millimetres. In the Hunter Valley, just north of Sydney, as much as 400 millimetres

have fallen, causing severe and widespread flooding.

Many farmers have been able to plant winter crops, but, for the most part, the rain has not fallen in crucial catchment areas. David Jones, head of climate analysis at the National Climate Centre, warned: "[P]eople are lulled into a false sense that the drought has broken.... In most parts of Australia it's pretty clear that there is a long way to go before we see a recovery."

The water crisis is not just due to the seven-year drought. It has been aggravated by the increasing over-extraction of water, especially by giant agribusinesses. More generally, agricultural decisions have been made on an ad hoc basis for short-term profit gains, leading to a looming long-term environmental and social disaster.

According to a recent MDBC report, the amount pumped out of the Darling and its tributaries has more than doubled from 1,400 gegalitres (1 gl = 1 billion litres) in 1990 to 3,072 gl in 2007. This has significantly reduced the flows into the Murray. The MDBC estimates that the "average outflows from the Darling to the Murray are now less than half the volume they would be under natural conditions".

Among the most profligate water users are the cotton farms that were introduced to the upper Darling during the 1990s. One of the biggest is Cubbie Station, which takes water out of the Darling basin north of the NSW border. Its giant dams of 1,878 gl capacity hold as much water as Sydney Harbour.

Such heavy usage has disrupted the river's normal cycles of periodic floods. The Darling flows through mostly arid inland areas of western NSW, where farmers have traditionally relied on flooding to irrigate their properties. In many places, the river has been reduced to a series of muddy puddles, while in some areas it has not flowed since 1998. It has been more than a decade since downstream areas have experienced beneficial flooding.

The lack of flooding has had a considerable impact on river red gum forests, which depend on periodic inundation. A 2004 survey of river trees found that 75 percent were stressed, dead or dying. Another environmental disaster has

been the proliferation of blue-green algal blooms, poisoning drinking water. The proposals unveiled by Howard and the MDBC would also cut off and dry out ecologically sensitive wetlands. The basin has 10 wetlands considered of international significance, including the Currawinya Lakes in Queensland and Macquarie Marshes in NSW.

Howard delivered his April threat to cut off water allocations amid ongoing horse-trading with the Victorian state government over Canberra's water plan. Announced in January, the plan projected expenditure of \$10 billion over ten years to alleviate the water crisis, while handing control of the Murray Darling Basin to the federal government, and away from the states. Many details, however, remain unclear. Moreover, in spite of Howard's claims of urgency, only \$53 million has been budgeted for 2007-08, while annual outlays will not reach \$1 billion until 2010-11.

Overall, \$6 billion is slated to be spent on lining irrigation channels and introducing more accurate water meters. Currently up to 80 percent of water is lost through seepage and evaporation. A further \$3 billion will be used to address the over-allocation of water, including the buying out of "non-viable or inefficient irrigators". Invariably, small farmers will be the ones who lose out.

National coordination of vital water resources is long overdue, but the primary purpose of Howard's scheme is to facilitate the so-called National Water Initiative (NWI), under which farmers can sell off their water rights. All the state Labor premiers signed up to the NWI in 2004. Prior to this, water rights were attached to farm property titles. This extension of the water trading market is one more factor forcing smaller producers off the land, as they sell off their water allocations in an effort to survive.

According to the Australian Bureau of Statistics, 31,800 or 22 percent of family farmers left the land in a 15-year period to 2001. The Productivity Commission estimates that the average size of farms increased by 23 percent from 1983 to 2003. Rural production is already highly concentrated, with the biggest 10 percent of farms producing 50 percent of Australia's agricultural output, while the smallest 50 percent contribute just 10 percent.

Victorian Premier Steve Bracks has thus far refused to sign up to the federal plan, but not out of any genuine concern for the plight of family farmers. His stance has been based on a traditional states' rights opposition to greater federal power. At a June 4 meeting between the two, Howard sought to accommodate Bracks's position by seeking only a limited referral of power to Canberra, rather than a wholesale takeover.

Bracks is holding out in an attempt to secure a larger portion of the federal funds on offer. He claims that the New South Wales and Queensland governments have distributed

more water entitlements to their irrigators and is concerned that Victoria will lose out in the federal buyout of water rights.

Both the Howard and Bracks governments have presided over the "free market" policies that have ravaged rural communities. In the Sunraysia irrigation town of Merbein in north west Victoria, for example, 15 percent of water rights have been sold out of the district. As water rights leave, money and people follow, destroying the area's viability. It is estimated that 50 farmers have departed over eight years, leaving a dust bowl behind as vines wither away.

By contrast, large companies like Timbercorp—one of the largest buyers of permanent water rights in northern Victoria—are thriving. The drought is having minimal impact, as the cashed-up company buys water entitlements from desperate farmers with nothing else left to sell.

Timbercorp's web site boasts that since 1992, the company has managed more than \$1 billion in funds invested in agribusiness. It has 12 percent of Australia's eucalypt plantations, the world's largest olive grove on a single site and the largest almond orchard estate in the southern hemisphere. At the end of the 2006 financial year, it posted a net profit of \$79.6 million, an increase of 42.7 percent.

Far from addressing the underlying causes of the water crisis, federal and state governments are intent on expanding the operation of the very market forces that have contributed to the problem in the first place. The only means for providing adequate protection against drought and avoiding severe environmental degradation is through the rational planning of land use and agriculture on the basis of social need, rather than profit. Billions of dollars needs to be allocated to sustainable agricultural development, including to the expansion of research and technology, while at the same time small producers, who form the core of most rural communities, must be provided with urgent and immediate financial and other assistance.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**