
REVIEW

Airport Environmentalism

*Claire Miller, **Struggle for the Snowy: The Grassroots Campaign to Save a National Icon**, ABC Books, 2005*

Reviewed by Alistair Watson

Paul Krugman identified a style of economic commentary as 'Airport Economics'. Books for the busy traveller that are lively and readable, but do not tell the full story. This book by Claire Miller, long time environment reporter for *The Age*, deals with the decision to return water to the Snowy River for environmental flows. Her ambitious account of the personal, political and administrative dimensions surrounding the decision is absorbing, although disturbing in several respects.

Just as the pattern of irrigation development in Australia is the product of previous blind enthusiasm for irrigation and a memorial to swinging seats of the past, the eventual decision to return water to the Snowy River was the result of unsophisticated environmental policies and political manoeuvring. A local pressure group was lucky enough to achieve most of its objectives through unexpected political circumstances. An independent candidate supporting return of water to the Snowy was elected to represent East Gippsland in the 1999 Victorian State election. That election was much closer than anticipated. Deals over the Snowy were critical in the replacement of the Kennett Government by the first Bracks Government. The pressure group achieved its immediate objectives, but the long-term implications for environmental policy are not reassuring.

The book is slow to start with two forewords, an author's note and prologue. Premiers Bracks of Victoria and Carr of New South Wales provide the first foreword. The Premiers endorse the approach of the book as an exercise in story telling. The foreword is harmless enough but politicians should keep a healthy distance from journalists and (even more so) vice versa. The second foreword by Professor Sam Lake of Monash University is subtler, lamenting in particular the descent of environmental policy into 'an age of environmental battles'. Professor Lake also recognises that the result of existing promises 'still has to eventuate and may yet be compromised'. The extra water for the Snowy is supposed to come from water savings in irrigation areas and is proving expensive to find. Additional promises to find water savings for environmental flows for the Murray River have been made in the recent National Water Initiative. These plans are competing for the same water. The citizens of East Gippsland may find their aspirations for the Snowy expendable, now that they no longer have the same political leverage.

The author's note describes the comprehensive interviews and source materials used in preparing the book concluding that 'this is a book about the Snowy River alone, which never got the chance to tell its side of the story.' Perhaps it is merely metaphorical shorthand, but frequent references to the Snowy River throughout the book as if it were a person are irritating. Can a river tell a story? Can a river be 'a rambunctious larrikin'? Editorial concern with anthropomorphisms is not a minor quibble but is about logical clarity. A river can no more tell a story than can an economist hide behind assumptions, theory and data and claim that 'the model says.'

The beginnings of the campaign to save the Snowy are described in an overblown prologue, attributing the plight of East Gippsland residents to the damaged state of the Snowy River. Many small towns have faded away over the years. The residents of Dalgety in New South Wales and Orbost in Victoria at least had the Snowy Mountains Hydro-Electric Scheme to complain about.

The history of the Scheme is summarised in chapter 1. The development ethos of earlier times and different public attitudes to the natural environment are revealed in a quote from an official document of the 1940s that describes water flowing to the sea as 'wasted.' The influence of electricity shortages in post war Australia in the genesis of the scheme is perhaps under emphasised in the book. The Scheme was conceived in an era of Keynesian macroeconomic policies, inspired by projects like the Tennessee Valley Authority of Roosevelt's New Deal. Public investment was viewed as a way of picking up expected slack in the post war labour market. In the event, the labour force was recruited through expanded migration. An influential player was Sir William McKell, wartime Premier of New South Wales and later Governor-General. Arguably, McKell overstepped the boundaries of Vice-Regal detachment in his enthusiasm for the Scheme, encouraging the Commonwealth Government to use its defence powers to overcome legal difficulties with the project. Nowadays, intervention by McKell's successors in support of popular environmental causes would not be thought out of the ordinary. There were some local misgivings even at the outset about effects of the scheme on the economy and amenity of East Gippsland.

The origins of the Snowy River Alliance are described in chapter 2 with sympathetic portraits of the main personalities involved and their environmental concerns. Miller describes the tensions experienced by public servants who identified too closely with local issues when they were employed to reflect a wider interest. Balancing local, regional, state and national interests in environmental management is an ongoing challenge in public administration. And it is a challenge that is not often being met.

The inherent weaknesses of catchment management as an organising principle in environmental management are exposed by the experience of the Snowy. At issue are complex arguments about spatial and inter-temporal equity. There is an important technical dimension. Who is to be held responsible for the past follies of the community as a whole? How is environmental repair to be funded? Is environmental damage reversible? How much is to be spent on data collection and detailed scientific studies? Local organisations cannot reconcile

these conflicts. As shown in the controversy over the Snowy, local organisations with substantial public funding may not even try. In effect, public officials in catchment authorities and other regional resource management bodies are paid to be parochial.

The trigger that broadened the local campaign was the proposal in 1990 to corporatise the Snowy Mountains Scheme as part of a national agenda of electricity reform. The Snowy Mountains Authority was an obvious target for reform because after the period of substantial capital investment had come to an end, the Authority showed signs of rigidity and regulatory slackness. Reform of the electricity industry proved difficult in all Australian states. The economics of the Snowy Scheme are also bedevilled by the intractable economics of joint production, with water stored for both irrigation and electricity generation.

Hydroelectric power is valuable because it can supply peak demands for (non-storable) electricity far more quickly than thermal plants. The demand for storable irrigation water is annual according to seasonal conditions, but exact timeliness is not critical. Loss of stored water to irrigation and the environment reduces the flexibility of electricity generation, and potential profits at times of peak demand. Once the objective was corporatisation of the Snowy Mountains Scheme, the Snowy River Alliance confronted governments whose objective was to maintain the value of their electricity assets. How returning additional water to the Snowy would affect the value of the Snowy Scheme proved to be a contentious issue in the subsequent Snowy Water Inquiry.

The locals commissioned a scientific study in 1995 to assess environmental damage. A group of scientists, aided by the recollections of two 'old timers', was asked to undertake a rapid appraisal. Miller reports that the scientists took five days to assess numerous sites along 335 kilometres from the dam wall at Jindabyne to the river mouth at Marlo. The Expert Panel recommended an environmental flow for the upper Snowy based on the return of 28 per cent of the original flow at Jindabyne. This became a rallying call for the campaign. Not surprisingly, irrigators were unhappy at scientific conclusions based on a week's work, rather than extensive monitoring and measurement. It turned out that this flow was close to that proposed in an unreleased official study that had 'fallen off the back of a truck'.

The Alliance enlisted the support of peak environmental organisations and pushed for a public inquiry. The Snowy Water Inquiry of 1998 is described in chapter 4. The Commissioner for the Inquiry, the Hon. Robert Webster, was a former Minister of the New South Wales Government. The technical quality of the reports of this Inquiry and the objectivity and fairness of Inquiry procedures are insufficiently acknowledged in the book. Instead, there are lengthy and admiring descriptions by Miller of the political campaigns undertaken by the Snowy River Alliance and its associates. These campaigns involved celebrity politics, fund raising from philanthropic foundations prepared to bend taxation restrictions on funding political activities and the usual flim flam of press releases, protests and television appearances. Not everything is a branch of show business. Disputes should be settled within a logical framework and at reasonable cost.

There were around 500 submissions to the Webster Inquiry, with write-in campaigns from both sides. Spurious arguments about multiplier benefits from irrigation and tourism were trotted out and rejected by the Inquiry. Market research conducted by the Inquiry revealed little public support for reduced hydroelectricity generation and re-diverting water from inland irrigation to the East Gippsland coast. With more resources than the earlier Expert Panel, a multi-disciplinary Scientific Reference Panel surveyed riverine biota and habitat for each river reach. Environmental indexes were constructed. This research broadly supported the case for returning up to 20 per cent of flow to the Snowy River.

There is no serious attempt in this book to resolve technical issues of environmental damage measurement. Overall, Miller's approach is aesthetic rather than empirical, emphasising damage to landscape in the broad. Unhappily, there is considerable tension between scientists and farmers over the role of scientific investigations in assessing damage. Part of the problem is that 'flow' is both an instrument and an objective of environmental policy. It is common to talk about environmental flows as if they could be defined exclusively by 'the science'. Worse still, political discussion takes place as if there were a single number expressed in percentage or absolute terms that has the imprimatur of scientific authority. The recent Living Murray Initiative of the Murray-Darling Basin Commission is another case that trivialises serious analysis in popular discussion.

Environmental changes to rivers with reduced flows are multi-dimensional affecting riparian vegetation, in-stream biota, water quality, fish and more. These separate attributes have to be weighted. There may be threshold values with a minimum flow necessary before any benefit is obtained. Seasonality of flows is important. Some environmental changes may be unrepairable on any reasonable time scale. Community valuations of environmental attributes and the costs of making environmental improvements have to be considered alongside scientific information. This is a complex task involving a range of professional disciplines, and is not helped by giving credibility to the street corner science of environmental advocates or farmer organisations.

The Webster Inquiry considered the capital costs of returning water to the Snowy, costs to electricity generation and opportunity costs to agriculture if less water were available for irrigation. These costs were compared with potential tourism and related benefits in the Snowy region. Water saving options in irrigated areas were also considered. The final report went further than expected by selecting a preferred option (15 per cent) from all the options considered. Webster's reasons are set out in the book. The recommendation reignited conflicts between those prepared to compromise and those preferring the comfort of entrenched positions. Miller describes differing opinions within the New South Wales bureaucracy on how to respond to the recommendation by Webster.

Webster's conclusion was broadly consistent with existing Victorian water policy. A *Sharing the Murray* report thrashed out in difficult negotiations between interests from across the state included a modest allocation of water for the Snowy. Both that provision and the Webster recommendation did not please the people of East Gippsland, who stuck with their claim for 28 per cent. As revealed

in the book, a major reason for failure to compromise was the firm belief that there was widespread economic inefficiency in Australian irrigation and water savings were there for the taking. This was wrong, especially following the introduction of water trading. As reported by Miller, local activists ignored sensible advice on this point from the Australian Conservation Foundation.

Political events following the decision by the Snowy River Alliance to stand an independent candidate in the Victorian Election are described in chapter 5. The then local National Party member was compromised by internal party discipline with several colleagues from irrigated areas in northern Victoria, and by his membership of the governing coalition. He was a sitting shot for a strong local candidate. The Labor opposition was more than willing to give explicit support to the 28 per cent claim as part of its strategy of chasing country votes from those disaffected with the Kennett Government. The strategy was more successful across the State than expected and the newly elected member for East Gippsland, Craig Ingram, was in a position to decide the fate of the Kennett Government.

Miller is in her element in chapter 6 describing the protracted negotiations resulting in three Independents siding with Labor to defeat Kennett and his coalition. Ingram had good reason for believing that the cause on which he had been elected would have more traction with Labor, who were also better placed to deal with their colleagues in New South Wales. In an accurate observation, Miller notes at page 141 that ‘politics rules out the cheapest and easiest solution [for water recovery]: buying water on the open market’. In her explanation of why this is so, Miller recycles the widely held view that government purchases would inflate prices. This is unlikely because a high proportion of Australian irrigated output is exported. An elastic demand for exports translates to an elastic demand for irrigation water. For similar reasons, concerns with private ‘water barons’ controlling the water market are overheated. The reasons politicians prefer high-cost ways of recovering water to water purchase are less complicated, and include their unwillingness to confront the public with the real cost of increasing environmental flows. Meanwhile, the search continues for engineering solutions to find environmental flows — a consultants’ heaven, with no end in sight.

There are two separate strands to chapter 7. The first, a brief description of irrigation in northern Victoria and southern New South Wales, belongs much earlier in the book. While there are many useful points in this section, including belated reference to rational critiques of irrigation by scholars like Bruce Davidson, other myths are perpetuated including excessive optimism about water savings. The discussion is biased in favour of the irrigation policies of Victoria *vis-à-vis* New South Wales with a one-sided account of how risks of variable supplies are managed. Miller also falls into the trap of worrying about which commodities are produced on irrigation farms. Issues for irrigation policy do include the volume of water extracted, and external effects on users downstream. The commodities produced are of no public policy significance because farmers are best placed to decide what they produce, taking into account the other resources available to them. The task for government is to assess environmental damage from irrigation and implement appropriate policies where necessary.

The next part of the chapter is a blow-by-blow account of negotiations between the newly elected Victorian Government and their New South Wales colleagues to deliver commitments to East Gippsland. Resistance was forthcoming from the New South Wales Treasury and South Australia. This section would appeal to aficionados of the nether world of politics and public administration, where ministerial advisers with short planning horizons make decisions of long-term significance. In the event, the deal negotiated was 21 per cent not the 28 per cent expected by East Gippsland voters.¹ A cosmetic arrangement was cobbled together to deliver the last seven per cent through public/private partnerships after the first ten years. What form this will take down the track remains to be seen.

To reconcile differences between jurisdictions over water for the Snowy and the Murray, a trilateral agreement between the Commonwealth, Victoria and New South Wales was established in September 2000 to create a Joint Government Enterprise to organise water for environmental flows. How this fits with the National Water Initiative is not obvious.

It would have made most interesting reading if Miller had used her considerable talents as an investigative journalist to delve into the progress of the Joint Government Enterprise over the last five years.

The book tails off towards the end. Technical details of the final agreement are mixed up in the penultimate chapter with unedifying accounts of politicians scrambling to look good at the launch of the program. The underlying problem of the book is that it is a patchy blend of anecdote and analysis. This problem continues in the concluding chapter. Miller recognises the dilemma of existing guarantees given to the Snowy and the new promises made on environmental flows for the Murray River. This should have been elaborated. Claims about water savings and environmental flows in the 2004 Victorian Government White Paper on water are taken at face value. These proposals were also worthy of much closer examination.

Apart from the main text, a final lengthy section presents various interesting materials on Aboriginal history, European settlement and the story of Paterson's *The Man from Snowy River*.

The bane of environmental writing and policy is meaningless slogans and catchphrases. The 'triple bottom line', 'precautionary principle', 'sustainability' and 'environmental footprint' spring to mind. The most overworked words in the book are 'icon' and 'iconic.' Miller would do well to read a short poem by Les Murray, *Icons*. She would not use those two words again.

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¹ Arguing whether 21 or 28 per cent is the appropriate environmental flow rather than 20 or 30 per cent is completely spurious accuracy, given the way these estimates were (or could be) established. It is another symptom of the dominance of pure politics and cant in the debate over return of water to the Snowy.