

Ása Wahlquist, *Thirsty Country: Options for Australia*

(Allen & Unwin, 2007)

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Among the many startling facts in Ása Wahlquist's book is that Australia is the driest inhabited continent, but has the highest per-capita consumption of water. The scarcity of water is clearly an economic issue.

Adam Smith used the water-diamond paradox to illustrate the difference between value-in-use and market-value. In a sense, water is now less of a paradox than it was in the eighteenth century, as water is now traded in a market, albeit a rather imperfect market with active government involvement in the ongoing revisions of property rights over water. But trading water in a competitive market may not always be a viable option. Wahlquist cites a study that estimated that there would be a 70 per cent loss in transferring any traded water between Loxton in South Australia and Deniliquin in New South Wales. Transaction costs like these must limit the effective size, and hence potential for competition, in any water market. Economic issues of the cost of water storage and supply depend on local idiosyncrasies of climate, geology and geography so, obviously, no single national solution is appropriate. Wahlquist's description of the history of water usage in both urban and farming contexts is particularly informative. Economics is, rightly, only one of several disciplines used to inform the public debate about the drought and climate change and Wahlquist's most valuable contribution is that she renders intelligible to the lay reader the rather technical literature on the science of climatology, hydrology and related disciplines.

The only substantive omission from the book's content is the failure to mention the notion of 'cultural flows'. It has become common to refer to 'environmental flows' of water to maintain a healthy environment, but in the last 10 years there has been some debate about the need to ensure that the flow of water is sufficient to facilitate the ongoing viability of local indigenous cultures. A recent Australian Institute of Aboriginal and Torres Strait Islander Studies Discussion Paper canvassed the issues involved in the context of the Living Murray Initiative (Morgan *et al.* 2004). That paper uses selected passages from the Native Title act to argue that the allocation of water for 'cultural flows'

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can be seen as reparation for past dispossession of water and impacts on cultural rights.

The Rudd Government implicitly recognised the increasing importance of indigenous issues when it announced the new structure of the Northern Land and Water Taskforce, which was set up initially under the Howard Government and chaired by Bill Heffernan. The new Chairperson for the Taskforce is Joe Ross, a prominent Indigenous leader from Fitzroy Crossing. Note that the Taskforce now has several indigenous members, including Richie Ah Mat (Balkanu CYDC) and Walynbuma Wunungmara (NLC).

This book provides a mostly balanced account of the issues involved as it reports most perspectives on the debate. For example, Wahlquist provides some implicitly critical comments on Bill Heffernan's suggestion that we require 'incentives for a new generation of farmers' that will 'get farmers up there [in Northern Australia] with incentives, favourable tax treatments, plus the opportunity to get a quid'. While Heffernan's policy prescriptions can be rationalised in terms of recent climate history, I would argue that the author is too gentle on this form of agrarian socialism as it is based on a premise that is not consistent with the latest CSIRO models, which predict that temperatures will increase and rainfall decline in such areas over the next century. It is probably worth noting that the models of rainfall in North Australia do not always agree with one another but there is sufficient doubt to be sceptical about Heffernan's policy prescriptions.

The author of *Thirsty Country* is an award-winning journalist and the reportage of the diverse opinions is understandable — but a more rigorous framework is required for the analysis to design effective policy options. Given the uncertainty about the climate and economic models, one needs to give some weight to the possibility that various predictions are wrong. While government intervention is not automatically warranted, there is a distinct possibility that markets may fail if transaction costs are high, and if it is important to take into account non-market values associated with the environment and cultural flows. In a sense, the water-diamond paradox is inescapable and is probably a multidimensional paradox. The wedge between market-value and use-value comes from several sources (both human and non-human), and varies over time along with our attitude to risk and uncertainty (inter alia, over which model to use).

There are no real surprises in the concluding chapter about what we can do. Most people will know what they should be doing in the home, even if they do not always do it. The main challenge is to enhance public understanding of the broader issues for the nation, which on balance this book achieves.

Overall, the *Thirsty Country* is a stimulating contribution to the literature, but it is a remarkably dense book that is, at times, cluttered with facts. Many

readers will find themselves using the glossary and index so that they can find definitions of technical terms that were defined earlier and follow the flow [no pun intended] of the argument.

The book works best at a didactic level. There is not one single unifying thesis as the author seeks to inform readers about the diversity of challenges and issues facing Australian people, and their local regions and cities. Book is appropriately and affectionately dedicated to the late Peter Cullen who was one of the founding members of the Wentworth Group of Concerned Scientists—a group dedicated to overcoming widespread ignorance about the complex issues for water management on the Australian continent.

Reference

Morgan, M., Strelein, L. and Weir, J. 2004, 'Indigenous rights to water in the Murray Darling Basin: In support of the Indigenous final report to the Living Murray Initiative.', AIATSIS Research Discussion Paper No. 14 AIATSIS, Canberra.