

Embargo Thursday 3 April 2003

Worth of Water: Environment, Society and Sustainability

Panel 2:15 pm 'How should we trade off our future?'

Presentation: ***The Price of all that is cute and cuddly***

Valuing the present, our future and our children's future

Dr Darla Hatton MacDonald

CSIRO Land and Water



The Science Forums

Position Statement:

I am an economist who cares deeply about future generations in Australia. I care about efficiency and I want us to use our resources wisely. I am concerned about how we fully account for the things we say are important to us. Take for instance, biological diversity. Most people would say that having a lot of plants, animals and birds in a given area is important, but how important is it? When land is cleared of its native vegetation, we might think that farmers don't value the plants and animals. I am not sure this is really the case; the farmer may be clearing land because of the worries surrounding loan repayments. The farmer may be forced to use up the nutrients in the soil and clear the habitat of the red tailed cockatoos faster than he/she may want to. This is where good sensible economic thinking should come in. How do we set up decision-making processes and markets that reflect how we want our future to look like? This is the essence of my job and why I am passionate about my work.

I have been thinking about how we value our future in a number of different ways. I am currently working on a project to value biodiversity in an area called the Upper South East of South Australia. I am motivated to complete this project because it is more likely that possums, skinks and mallee fowl will be taken into account into the decision making with a value attached to them. I believe that the values have to reflect the heads and hearts of all Australians whether living in rural or urban areas and whether these people are grandparents, parents or those who decided never to have children.

There are many ways we can gather these values such as considering the indirect values implied through the actions of bio-prospecting companies or there is the direct approach where we ask people how they want the Commonwealth government budget to be re-shuffled to address the needs of health, education and the River Murray.

Let me give you another example. I live in Adelaide and I've been thinking a lot about how environmental costs might be included in the price of water. When we use the River Murray water for irrigation or for use in our cities, there is a cost to the environment that is not reflected in the price of water. For instance, the combination of drought and current water use practices has resulted in the stretches of dead Red River gums along the banks and floodplains of the Murray. Run-off, stormwater pollution and sewage spills are taking a toll on the sea grasses in St. Vincent's Gulf. If the cost to the environment was included in the price of water, then people up and down the River could make decisions on water use based on the full cost to this generation and future generations. Perhaps we would rethink how we let rainwater flow off our roof and how often we need to run the dishwasher. We need people working. We need tax revenue to fund our health care system. We need to strike the right balance. Full cost pricing of

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water and value of all things cute and cuddly will go a long way to figuring out the right balance.

Profile

Dr. Darla Hatton MacDonald is an economist with CSIRO Land & Water working on natural resource problems. Darla was recruited internationally for her expertise in natural resource valuation. Darla has worked in Canada, Zimbabwe and Australia in a number of natural resource problems in forestry, fisheries and water resources. She is one of a team of economists working in the Policy and Economic Research Unit within the CSIRO.

Darla has three degrees in Economics with a lot of Mathematics and Statistics thrown in for good measure.

Contact

Dr Darla Hatton MacDonald
Natural Resource Economist,
CSIRO Land & Water
ph (08) 8303 8660, fax (08) 8303 8582 , email: darla.hattonmacdonald@csiro.au

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UTS Faculty of Science
Project Manager: Mary Mulcahy 0439 448 861
Media Manager: John Suter Linton 0414 848 630
mary.mulcahy@uts.edu.au, john.linton@uts.edu.au
phone 02 9514 2249, fax 02 9514 9968

