

# Accounting for optimism, environmental and cultural benefits sharing in Northern Australia water business cases

## Demand for water extraction and infrastructure in Northern Australia is growing

Private and government proposals for dams, irrigation and water extraction are growing across Northern Australia

## Many Councils representing Aboriginal Interests are worried about cultural values at risk

This includes that Martuwarra Council in WA and Central Land Council in NT that we collaborated with

## Improving Northern water project evaluation could help better decisions in this contested space

- A number of overarching statements of principle from Commonwealth, and States, recommend elements of best practice
- Yet optimism bias, ignored Aboriginal and environmental values and hidden costs are common in project business cases
- More transparent and unbiased project evaluation consistent with recently resurgent public interest in integrity in Australia
- Probity and integrity require due diligence in recognising optimism bias and potential environmental and cultural values at risk

## Better northern water project evaluation demonstrated

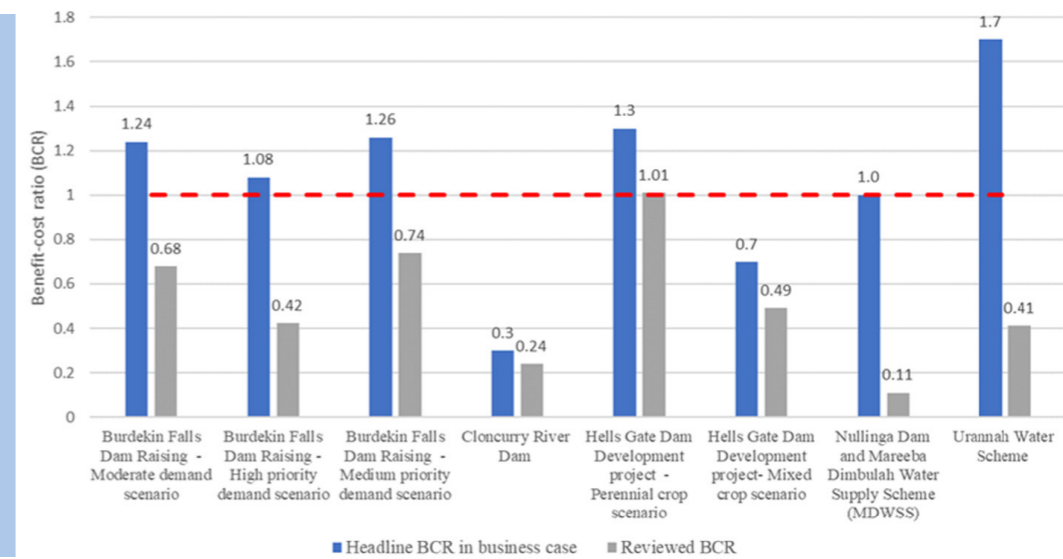
This project demonstrates impact evaluation best practice for a suite of water resource projects in Northern Australia.

- Beginning with a suite of projects under consideration with some form of business case publicly available
- validation of benefit cost assumptions from past similar “reference class” projects
- identifying intended beneficiaries, and distribution of benefits and costs among impacted populations

## What we learned

The project demonstrated the cost of going forward with optimism biased water allocations and investment cases is immense.

- More employment and economic activity impact are possible by not spending the money on many proposed dam irrigation and water allocation projects.
- Public funding can instead be invested in projects with much greater economic activity and employment impact per dollar



## Research Team

- Prof Jeff Connor, UniSA Business
- Dr Daniel Gregg, Heuris Consulting
- Mr Daniel Hill, Heuris, Consulting
- Mr Matt Barlow, Pew Charitable Trusts
- Dr Courtney Regan, UniSA Business
- Mr Tim Nicol, Pew Charitable Trusts

## The Future

Two related reports are available

- Connor, J. D., C. Regan, and T. Nicol. “Environmental, cultural and social capital as a core asset for the Martuwarra (Fitzroy River) and its people.” University of South Australia, Adelaide, SA, Australia (2019): 1-46.
- Connor, J.D., Hill, D. Gregg, D. and K. Sangha. Review of Singleton irrigation project water entitlement provision costs, benefits and employment impacts. UniSA CMVI Report for Central Land Council. June 2022.

Soon to be released:

- Accounting for and addressing chronic optimism bias in Northern Australia water allocation, dam and irrigation cases reveals net benefit from less water extraction

## Partners

- Martuwarra Council of Traditional Owners, Kimberly Region, WA
- Central Land Council, Alice Springs
- Pew Charitable Trust, Outback Australia Initiative

