

Katrina Hodgkinson MP

Member for Burrinjuck | Shadow Minister for Natural Resource Management

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(in reply please quote)

21 JAN 2011

Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

I make this submission on the management of the Murray Darling Basin on behalf of the NSW Liberals and The Nationals in Coalition. I have consulted very widely within the community and also with most of the Members of Parliament representing the NSW electorates that lie within the Murray Darling Basin.

I am firmly of the belief that during the Murray Darling Basin Authority's (MDBA) visits to the various regional centres for public consultation meetings the Authority will noted at first hand the grave concerns that are held by many residents in the Murray Darling Basin about the information released in the Guide. I have attended meetings in Dubbo, Forbes and Canberra. I have spoken at each meeting outlining various concerns that my colleagues and I have with the Guide. I understand that each Statement/Question from the floor at each of these community consultations will be taken to be a submission also.

I would also note that former Chairman Michael Taylor's willingness to keep an open mind and listen to the concerns of each of these communities has been widely noted and is well respected. Unlike many public consultations under the Federal and State Labor governments Mr Taylor ensured that the concerns of each community were noted at these meetings.

The overriding view that has come out of these community consultation meetings is that there is little if any support for the Sustainable Diversion Limits proposed in the Guide within the Murray Darling Basin. While the responses to the Guide vary with locality there are some common themes which are:

1. Farmers and other water users understand and support the need for reform of water sharing arrangements within the Murray Darling Basin.
2. However this reform should be achieved through a consultative process with the communities that will be most affected.
3. Before the release of the Guide there was little if any opportunity for Murray Darling Basin communities to provide input to the development of the Guide.
4. The only method of achieving water reform in the basin that has been put forward by the Authority is water buybacks by the Federal government. Alternative means of achieving water reform in the basin, such as increasing water storages, reducing evaporation losses by

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for Regional NSW

infrastructure projects or a combination of the above appear not to have been considered. At the moment \$708 million of Federal funding, for four water saving infrastructure projects, has been available to the NSW government for the past 2 ½ years but at the moment only two have progressed to the stage where a pilot project has only just started. It is likely that none of these projects will be completed before the Murray Darling Basin Plan has been introduced and implemented and they will therefore not contribute to the overall water savings that NSW will be required to implement.

5. The effect of the Guide's proposals on social and economic factors has not been fully explored in detail. The announcement of two Federal Parliamentary Inquiries and the undertaking by the Authority to carry out a more in-depth socio-economic study adds significant weight to the concerns of the community that these factors were not studied in sufficient detail prior to the release of the Guide.
6. Similarly the statement by banking commentators about the possibility of loans being called in, although quickly disowned by the Australian Bankers' Association, resonates as a significant concern within Basin communities. The previous experience of Basin communities with the banking industry during the drought and its general perception that banks as a whole are primarily interested in providing profits for their shareholders strengthens this general feeling of mistrust.

The recent situation, which led to the submission of Mr Taylor's resignation as Chair of the Authority, highlights the confusion within basin communities as to whether the Federal Water Act 2007 allows for the equal consideration of the environment, economic and social factors or whether it requires environmental factors to be given primacy for the allocation of water. Mr Taylor's publicly expressed views that this legislation gives primacy to environmental factors and Minister Burke's publicly expressed view that it does not, are both apparently based on the one legal opinion provided by the Australian Government Solicitor.

The subsequent confusion that this situation has created amongst stakeholders has further weakened the position and status of the Guide. I strongly believe this recent development strengthens our case that the Guide should be completely withdrawn and the process of developing a new plan should be restarted once a clear, precise and widely publicised legal basis for the plan has been developed or decided.

As Mr Taylor correctly stated in his media release of 7 December 2010, a sustainable plan for the Basin will require far more than a decision by the Authority on how much water should be transferred from human uses to the environment. This is not a function which the Murray Darling Basin Authority is empowered to or should undertake. It is a political decision that would be made by the Federal government, and it is my firm view that this must be done in consultation with Basin States.

Following our extensive consultation the policy position adopted by the NSW Liberals and The Nationals is to:

1. Call for the removal of the Guide to the draft Murray-Darling Basin Plan as published on 8 October 2010;

2. Call for equal recognition of businesses, communities and the environment in the Murray-Darling Basin Plan in accordance with the 2004 National Water Initiative in a new draft Plan;
3. Calling for the extension of the NSW Water Sharing Plans to 2019, so they expire at the same time as those in Victoria.

I would stress that Point 3. is very important as it would allow NSW pastoralists the ability to maintain a competitive position. The amended Murray Darling Basin plan must include this initiative. If it is not included then farmers in NSW will be penalised for the fact that NSW has actively introduced Water Sharing Plans required by the 2004 National Water Initiative while Victoria has actively delayed their introduction for internal political reasons. If this is not done then farmers in NSW will spend five years, from 2014, producing crops with significantly less access to water until the reduced SDLs are introduced into Victoria in 2019.

I am not overstating the issue when I say the public discussions held in Deniliquin, Griffith, Forbes, Dubbo and other locations in NSW have revealed intense anger about the proposal. I believe this is a sentiment which is a common feature across the whole Murray Darling Basin.

For the Guide to have generated such a reaction within so short a period of time shows it is fundamentally flawed and I believe little more can be gained from continuing with the consultation process. I strongly urge you to withdraw the Guide for reconsideration and redrafting with a view to ensuring that it treats environmental, agricultural and socio-economic factors equally, as was initially envisaged by the National Water Initiative.

This process cannot begin until the legal basis of the plan has been finally settled. Thank you for your consideration of this submission.

Yours sincerely,

KATRINA HODGKINSON MP
Shadow Minister for Natural Resource Management
Member for Burrinjuck

THE NATIONALS
for Regional NSW