



The Hon. Tony Burke MP

MEDIA STATEMENT

Minister for Sustainability, Environment, Water, Population and Communities

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Ministerial statement

Murray Darling Basin Reform – Interpretation of the Water Act 2007

Some of our most precious environmental assets, the nation's food bowl, and many strong and proud rural communities are all relying on a deeply unhealthy river system.

The key challenge before the Parliament is for this to be the term in which action is taken across the Basin to restore the system to health. We need to do this in a way which delivers three core outcomes:

- healthy rivers
- strong communities and
- food production.

These priorities do not need to be in competition with each other. Sensible reform will find a way to provide all three.

For generations Australia compromised these aims by managing the Murray Darling Basin as though the rivers would respect state boundaries. Australia pretended that each state could manage its part of the system on the basis that the water in the basin disproportionately existed for that state alone.

This led to poor management of our environmental assets and over allocation of the resource. We saw magnificent Ramsar wetland sites compromised and threatened. We saw parts of the river made unusable for food production through algal blooms and acid sulfate soils. In the Lower Lakes we saw the mouth of the Murray close for nearly a decade and the number of dairy farms fall from 23 to 3.

During the long years of drought we saw entire communities survive by running their equity down to the brink and beyond while irrigation authorities would talk of zero allocations. It is important we manage the next drought differently to the last one.

A CSIRO 2008 report notes that climate forecasts on water availability in the Basin by 2030 are uncertain; however, a decline in surface water availability across the entire MDB is more likely than an increase. A decline in the south of the MDB is more likely than in the north.

Under a wet climate scenario there would be an increase on 9%, unfortunately, the more likely scenario is for drier conditions - with a possible reduction in water availability of 27%.

Regardless of these projections, the health of basin speaks for itself on the need for reform.

In recent months many communities have felt the optimism which comes with the breaking of drought. Those who draw their income from the health of the river system have seen an opportunity to start moving back in front financially. Those who draw their inspiration and

confidence from the health of the river system have seen the signs that the rain may have come just in time for some truly sensitive ecological communities.

In the Macquarie Marshes a combination of good rain and water buybacks have returned much needed water to this precious wetland. The change has been welcomed by local graziers because it's also restored the carrying capacity of the surrounding land.

Downstream, the Mouth of the Murray is flowing naturally for the first time since 2002 and locals talk about how you can see the light in people's eyes again because there's water in the Lower Lakes.

These are treasures of our natural heritage valued by Australians because as a nation we all know the beauty of our landscape is inseparable from how we view ourselves. It is enjoyed by locals and tourists, cared for by paid rangers, officers and by Landcare volunteers. These are places which simply matter because of what they are - well before any calculation of their economic value.

In irrigation communities across the country like St George Bourke, Dubbo, Menindee, Griffith, Shepparton, Mildura, Echuca, Renmark and Murray Bridge the river is woven into the lives and psyches of the proud communities whose histories is etched into our nation's story, and part of the lives of any Australian who likes to eat. The farmers in these areas need to be acknowledged for their role as producers but also for their commitment to good environmental management. Those who work the land see the need to care for it every day.

It has been against this background that the MDBA delivered its Guide to the Draft or Proposed Plan 18 days ago.

Following the release of the Guide there has been a wave of strong reactions across the country:

- some people have passionately locked in behind the Guide as a pathway to restoring the health of the basin
- others have passionately argued implementation of the figures suggested in Guide would devastate their industry or their town
- some who had always argued the need for an independent authority have returned without blinking to the interstate rivalries of old
- and some have sought to question the political consensus which was forged in the Water Act.

There are a number of pieces of misinformation which have also gained currency since the launch of the guide.

There has been an argument that the guide to the draft of a plan released by the Murray-Darling Basin Authority represents government policy. It does not.

There is a belief in many communities that the government will forcibly acquire water from people. We will not.

There is a belief that the plan, whatever it ends up being at the end of next year, will not take account of the good work already done in many communities. It will.

The status of the Guide needs to be made clear. As I stated it does not represent Government policy. It does not even represent recommendations to Government from the MDBA. The guide has been produced independently by the MDBA as a document for consultation in advance of the statutory consultation which takes place next year.

Public consultations for the Guide will run until mid-November.

There are over 12 months to run in this consultation before the minister is presented with the Plan at the end of next year.

The MDBA has announced it will commission work on the socio-economic impacts of possible Sustainable Diversion Limits and this work is scheduled to be completed in March 2011.

The Authority will then release its Proposed Basin Plan.

16 weeks of consultation is required following the release.

The Authority then presents a final plan to the Ministerial Council which includes representatives from each of the Basin states for consideration.

The Minister can ask the Authority to reconsider issues but once the Minister has signed off on the final plan it is tabled in Parliament where it may be disallowed in either house.

If the political consensus which emerged following the Water Act is allowed to collapse then we will be left with the possibility of the final basin plan disallowed. This would abandon environmental assets, destroy certainty for towns and irrigators, see a return to the state versus state rivalries which cultivated the problem in the first place and obliterate the chance to deliver long term certainty for a healthy river, strong communities, and food production.

Part of the problem in maintaining consensus on these issues has been uncertainty in the community and around the Parliament about whether the Water Act does in fact demand the plan adopt a triple bottom line approach of taking into account environmental, social and economic impacts of reform.

The MDBA has been reported as saying that the Act requires a focus on environmental issues first, with limited attention to social and economic factors.

For this reason I sought legal advice from the Australian Government Solicitor to determine whether the interpretations referred to publicly by the MDBA matched the requirements of the Act. I also stated here in the House that following receipt of the advice I would make it public.

This morning I received the advice. It was made available to the Opposition, Greens and Independents earlier today and I now table the advice.

Broadly, the advice outlines that the Water Act:

- gives effect to relevant international agreements,
- provides for the establishment of environmentally sustainable limits on the quantities of water that may be taken from Basin water resources,

- provides for the use of the Basin water resources in a way that optimises economic, social and environmental outcomes,
- improves water security for all uses, and
- subject to the environmentally sustainable limits, maximizes the net economic returns to the Australian community.

Much has been made of the international agreements which underpin the Water Act and it's been suggested that these agreements prevent socio-economic factors being taken into account. In fact, these agreements themselves recognise the need to consider these factors.

The Act specifically states that in giving effect to those agreements, the plan should promote the use and management of the basin water resources in a way that optimises economic, social and environmental outcomes.

It is clear from this advice that environmental, economic and social considerations are central to the Water Act and that the Basin Plan can appropriately take these into account.

I do not offer the advice as a criticism of the MDBA. What is important now is how the MDBA now responds to it.

I trust the issuing of this advice provides a level of confidence to members of Parliament that it is possible to provide sensible and lasting reform of the MDB within the current structure of the Water Act.

Such reform needs look at a suite of measures. Investment in all forms of water infrastructure needs to take place. This includes centralised irrigation infrastructure, on farm infrastructure and works and measures to more efficiently and effectively manage our environmental assets. The purchase of water allocations through the market will need to continue and this must only be from those who have chosen to put all or part of their allocation on the water market.

Where possible, with the leadership of the various irrigation authorities, strategic projects of rationalisation to avoid stranded assets and better target limited water supplies must be encouraged.

Reform is never easy. With the MDB, failure to reform is even harder on basin communities. As each drought breaks Australians know another is always on the way. I don't know how long we'll be waiting for the next drought but I don't want it to look anything like the last drought.

The leadership of the Member for New England with the House of Representatives Inquiry into the impact of the Murray Darling Basin Plan on Regional Australia will help inform the Parliament of the challenges facing basin communities. These will vary from catchment to catchment, from town to town.

Understanding these different impacts is essential. While the government only purchases from those who put all or part of a water allocation on the market, those who work in the town are never willing sellers. When someone sells all of their water allocation there is no guarantee that the irrigator or the money which has been paid will remain in the community. These issues cannot be glossed over.

This is why the regional impact is so important. It also explains why every extra efficiency in water use, and every productivity improvement derived from research and development directly helps all members of the community.

The work I have referred to today will be complemented by a strong engagement from the Minister for Regional Australia and the Minister for Agriculture, Fisheries and Forestry.

Ultimately, there will need to be confidence within the Parliament for the plan.

I believe this confidence is possible, and indeed justified if we keep the focus of providing healthy rivers, strong communities and food production. This is the very focus which the legal advice says is reflected in the Water Act.

Anything less will leave us no better than those who mismanaged the basin to the brink of its health. This Parliament can co-operate and build a consensus which has always eluded the MDB. It is a consensus which the environment needs, which communities need, which farm businesses need. The basin has shown over the last decade it is an uncompromising negotiator. Our job is to recognise the need to reform, and then reform so that the challenges we face are not simply passed on in increasing severity to the generations which will follow.
