The Parliament of the Commonwealth of Australia

Of drought and flooding rains

Inquiry into the impact of the Guide to the Murray-Darling Basin Plan

House of Representatives
Standing Committee on Regional Australia

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Title words taken from 'My Country' by Dorothea Mackellar, who was born in the Basin town of Gunnedah.

Contents

Foreword ix
Membership of the Committee xi
Terms of reference xiii
List of abbreviations xiv
List of recommendations xvii

THE REPORT

1 Introduction 1
Release of the Guide 4
Conduct of the inquiry 6
Structure of the report 7
What this report does not do 8
What this report does 9

2 The Murray-Darling Basin 11
Community and economic profile 13
Population 13
Economic contribution of Basin agriculture 13
Employment in the Basin 15
Governance of Basin water resources 16
History of reform in the Basin 16
Water Act 2007 20
Reform fatigue in the community 23
The need for continued water reform 26

Current governance arrangements 26
Governance reform 29
Basin sustainability 32
Community sustainability 37

3 The Guide 39

What is the Guide? 41
Impact of the Guide 43
Reduction in confidence and increased investor uncertainty 44
Employment projections 47
Existing pressures on farming communities and the drought 51
Use of science and data 58
Treatment of urban water 62
Consideration of climate change 65
Review mechanisms 68
Setting sustainable diversion limits for groundwater 69
Reputation of the Murray-Darling Basin Authority 71

4 Engagement with the community 73

Socio-economic studies 76
Aboriginal involvement 77
Recognition of cultural values 78
Appropriate engagement 81
State and territory responsibilities 82
Providing certainty 85
A Basin community plan 90
Other issues for consideration 93

5 Water purchase and infrastructure investment 97

Water for the Future 98
Sustainable Rural Water Use and Infrastructure Program 100
'Restoring the balance' 101
Improving the buyback 101

The 'Swiss cheese' effect 104
Making the buyback program more strategic 108
Using the water allocations market for the environment 112
Counter-cyclical trade 116
Improving government investment 118
Investing in irrigation efficiencies 118
Investing in environmental works and measures 126
Monitoring, compliance and enforcement 132
Addressing taxation issues 133
Investing in research and development 135
Committee comment 138

6 Delivering the Basin Plan 143

Alignment of timeframes for implementation 144
Intergovernmental collaboration 147
Environmental water planning 149
Commonwealth Environmental Water Holder 153
Accountability and transparency of the Commonwealth Environmental Water Holder 153
Capability of the Commonwealth Environmental Water Holder 156
Improving the accountability of water reform 158

7 Bringing it all together 163

A focus on the community 164
Institutional reform 164
Roles and relationships of each agency 165
What happens next 169

APPENDICES

Appendix A – List of submissions 171

Appendix B – List of exhibits 199

Appendix C – List of witnesses, hearings and inspections 209

Appendix D – Extract from the *Water Act 2007* 237

Appendix E – Water saving proposals 241

Appendix F – Interim findings 245

Appendix G – Governance model 251

LIST OF CASE STUDIES

Case study 2.1 Reform fatigue in the Namoi 25
Case study 2.2 Goolwa Barrages 33
Case study 2.3 Lower Lakes, Coorong and Murray Mouth 35
Case study 3.1 Social impact in Bourke 43
Case study 3.2 Social impact in rural New South Wales 45
Case study 3.3 Social impact in Sunraysia 54
Case study 4.1 Community solutions 74
Case study 4.2 Reassessing land use 75
Case study 5.1 Water for Rivers 107
Case study 5.2 Return of water offers rejected by SEWPAC 110
Case study 5.3 Initiatives from irrigation providers 119
Case study 5.4 Successful joint partnerships 122
Case study 5.5 Infrastructure works for environmental water 128
Case study 5.6 Menindee Lakes 130

LIST OF TABLES

Table 2.1 Land Use, Murray Darling Basin, 2008 14
Table 2.2 Basin commodities that contributed most to GVIAP 15
Table 2.3 Key employment sectors in the Basin 15
Table 2.4 Proportion of the four states and the ACT included in the Basin 16
Table E.1 Water saving proposals 241

LIST OF FIGURES

Figure 2.1 Growth in water use in the Murray-Darling Basin 17

Figure 2.2 Current governance arrangement responsibilities 28
Figure 7.1 Proposed new governance and institutional arrangements 165

Foreword

The Murray-Darling Basin is one of the most productive food and fibre regions of Australia with a rich diversity of communities, landscapes and environments. However, growth in the extraction of water in the second half of last century means we need to find a better balance between the productive use of water resources and the environment. But this must be done in a way that includes Basin communities and helps them have certainty and confidence about their future.

The release of the Murray-Darling Basin Authority's *Guide to the proposed Basin Plan* in October 2010 sent shockwaves through the regional communities of the Basin for no good reason. The Guide has no status under the *Water Act 2007.* It was merely intended to provide an insight into the MDBA's thinking as they developed the proposed Basin Plan.

Through the Guide, the MDBA suggested sustainable diversion limits they considered necessary to ensure the Basin's environmental health. Unfortunately, the way the MDBA went about developing and communicating this document and the scale of reductions it proposed invoked a high degree of anger and bewilderment in Basin communities.

Through this inquiry, the Committee has had the privilege of visiting regions throughout the Basin and speaking with many of its residents. We heard people's frustration, uncertainty and anxiety due to the Guide. In contrast to the response afforded to the MDBA, the Committee felt welcome in the many towns we visited and held public hearings.

The Committee heard a clear recognition from the people we met in our travels throughout the Basin that change is needed. There was a clear acknowledgement that some water needed to be returned to sustain the environment and Basin communities. The Committee heard that a Basin Plan is an appropriate way to achieve this - but not a Basin Plan as set out in the Guide. The community recognises that without a healthy river, there are no healthy communities.

This report shows that there is an alternative way to achieve this without the pain many perceived would result from the Guide if it in fact became the Plan. It demonstrates that, by engaging local communities and states and territory governments, win-win solutions can be found to offset the reductions of a future Basin Plan and provide for the environment.

From the very south to the top of the Basin, the Committee heard of water savings that could be found through environmental works and measures and on-farm efficiency works. As a result of asking the community what solutions they have, we were able to identify a number of measures. The Committee recommends that they be explored prior to considering any reduction in productive water allocation.

It is clear that the current arrangements do not lend themselves to delivering on locally developed proposals. This would require more flexibility than a government department can provide. It needs a higher level of engagement with local landholders and local authorities than a government department can provide. This report identifies a way to achieve these outcomes through a joint venture arrangement with the state and territory governments of the Basin.

There are few examples in Australia's history of reform on the scale set out in the Water Act. On top of decades of reform, including the introduction of water markets and water planning, the scale of change that Basin communities are now being asked to accept is significant. It will take a concerted effort by all governments involved to set aside their parochial tendencies and work together to help these communities adapt and thrive in the face of this change. We owe it to these people, to their willingness to help address poor decisions made by state and Commonwealth governments in the past, to find a way forward that helps build a more productive and sustainable future for the Basin.

Finally, I thank my committee colleagues – Deputy Chair Sid Sidebottom, Kirsten Livermore, Michael McCormack, Rob Mitchell, Sharman Stone, Dan Tehan and Craig Thomson as well as the inquiry's supplementary members – Steve Gibbons, Sussan Ley, Patrick Secker and Tony Zappia – and the Committee's secretariat for their dedication to the inquiry and congratulate them on the way in which they have worked together. I would also like to thank the many people and organisations who welcomed us into their communities, appeared as witnesses and took the time to prepare submissions.

Tony Windsor MP

Chair

Membership of the Committee

Chair	Tony Windsor MP
Deputy Chair	Sid Sidebottom MP
Members	Kirsten Livermore MP
	Michael McCormack MP
	Rob Mitchell MP
	Hon Dr Sharman Stone MP
	Dan Tehan MP
	Craig Thomson MP

Supplementary Members for the purposes of the Inquiry

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Terms of reference

The Standing Committee on Regional Australia will inquire into and report on the socio-economic impact of the Murray Darling Basin Authority's 'Guide to the Proposed Basin Plan' (the Proposed Basin Plan) on regional communities, with particular reference to:

- the direct and indirect impact of the Proposed Basin Plan on regional communities, including agricultural industries, local business activity and community wellbeing;
- options for water-saving measures or water return on a region-by-region basis with consideration given to an analysis of actual usage versus licence entitlement over the preceding fifteen years; and
- the role of governments, the agricultural industry and the research sector in developing and delivering infrastructure and technologies aimed at supporting water-efficiency within the Murray-Darling Basin.

In examining each of these issues, the Committee will also consider community views on:

- measures to increase water efficiency and reduce consumption and their relative cost-effectiveness;
- opportunities for economic growth and diversification within regional communities; and
- previous relevant reform and structural adjustment programs and the impact on communities and regions.

This will include consultation with local government, Regional Development Australia, community groups and individual stakeholders to better understand the local and community issues raised by the Proposed Basin Plan.

List of abbreviations

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ACT	Australian Capital Territory
ADIC	Australian Dairy Industry Council
ASGE	Achieving Sustainable Groundwater Entitlements
CEWH	Commonwealth Environmental Water Holder
CICL	Colleambally Irrigation Co-operative Limited
COAG	Council of Australian Governments
CRRMH	Centre for Rural and Remote Mental Health
CSG	Coal Seam Gas
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAFF	Department of Agriculture, Fisheries and Forestry
EIS	Environmental Impact Statement
GAB	Great Artesian Basin
GDP	Gross Domestic Product
GVAP	Gross Value of Agricultural Production
GL/y	Gigalitre/year
GVIAP	Gross Value of Irrigated Agricultural Production

IRN	Inland Rivers Network
LGA	Local Government Area
LNG	Liquefied Natural Gas
MDB	Murray-Darling Basin
MDBA	Murray Darling Basin Authority
MDBC	Murray Darling Basin Commission
MIL	Murray Irrigation Limited
NSW	New South Wales
NWC	National Water Commission
NWI	National Water Initiative
NWP	National Water Program
PM	Prime Minister
Qld	Queensland
R & D	Research and Development
RMC	River Murray Commission
SA	South Australia
SDL	Sustainable Diversion Limit
SEWPAC	Department of Sustainability, Environment, Water, Population and Communities
SRWUIP	Sustainable Rural Water Use and Infrastructure Efficiency Program
TIA	Torumbarry Irrigation Area
WFR	Water for Rivers
WSP	Water Sharing Plan
WUE	Water Use Efficiency

WftF	Water for the Future
Vic	Victoria

List of recommendations

2 The Murray-Darling Basin

Recommendation 1

The Committee recommends that the Commonwealth Government commission a study to identify all regulations and agreements in place that inhibit the efficient management of water in the Murray-Darling Basin and, where appropriate, work with the states to remove these regulations.

3 The Guide

Recommendation 2

The Committee recommends that the Murray Darling Basin Authority apply greater rigour to the assumptions made to develop the proposed sustainable diversion limits, including the forecast impact of climate change, taking into account regional variability.

Recommendation 3

The Committee recommends that the Murray Darling Basin Authority improve data on groundwater availability, use and connectivity with surface water prior to proposing sustainable diversion limits for groundwater.

4 Engagement with the community

Recommendation 4

The Committee recommends that, in developing the proposed Basin Plan, the Murray-Darling Basin Authority must:

- develop a community engagement strategy, tailored for each catchment community, focussed on transparency of process with clear and meaningful opportunities for local communities to contribute;
- engage all Basin stakeholders, including local, state and territory governments in a genuinely inclusive and respectful manner;
- draw upon local knowledge and expertise;
- recognise the social and cultural needs of Aboriginal people;
- clearly communicate the need for a Basin Plan;
- clearly communicate the process, roles and responsibilities for the implementation of the Basin Plan, including:
  - ⇒ the role of the Basin Plan;
  - ⇒ the role of Commonwealth water recovery programs;
  - ⇒ the roles and responsibilities for state and territory governments in water resource planning under the Basin Plan; and
  - ⇒ linkages and partnerships between Commonwealth, state and territory governments and relevant agencies within each jurisdiction in the implementation of the Basin Plan.

Recommendation 5

The Committee recommends that the Commonwealth Government develop separate community basin planning that provides:

- localised and targeted structural adjustment packages;
- the development of localised economic development plans supported by workforce development and training packages to support Basin communities;
- strategies for enhancing communities (with particular focus on mental health support services and investment in social infrastructure); and
- recognition of the specific needs and economic circumstances of Aboriginal communities living in the Basin.

The development of this plan must be in partnership with states, local government and the community.

Recommendation 6

The Committee recommends that the Commonwealth Government ensure that the mining industry is placed under the same obligations as other water users in the Murray-Darling Basin by ensuring:

- that no mining activities are approved that impact on Basin water resources until such time that the impact of such activities is fully understood and able to be mitigated; and
- relevant legislation/regulations are applied with a specific focus on mining activities in the Basin as a matter of urgency to ensure that the long-term health and productivity of water resources are protected.

5 Water purchase and infrastructure investment

Recommendation 7

The Committee recommends that the Commonwealth Government immediately cease all non-strategic water purchase in the Murray-Darling Basin and take a strategic approach to water purchases that prioritises the lowest possible impact in communities.

Recommendation 8

The Committee recommends that the Department of Sustainability, Environment, Water, Population and Communities, in all future water purchases:

- be more responsive to proactive sellers; and
- prior to any water purchase process, identify the consequences for the community.

Recommendation 9

The Committee recommends that the Commonwealth Government focus greater investment in on- and off- farm water saving projects.

Recommendation 10

The Committee recommends that the Commonwealth Government:

- identify and assess the viability of environmental works and measures as identified throughout this report and by the community; and
- implement any viable measures as quickly as possible.

Recommendation 11

The Committee recommends that the Commonwealth Government, in partnership with the Basin states and the Australian Capital Territory, develop a framework addressing the monitoring, compliance and enforcement of Basin water resource use.

Recommendation 12

The Committee recommends that the Commonwealth Government identify and rectify all impediments to irrigation investment in the taxation system.

Recommendation 13

The Committee recommends that the Commonwealth Government develop and implement options for tax based incentives for efficient irrigation investment as part of the implementation of the Basin Plan.

Recommendation 14

The Committee recommends that the Commonwealth Government focus greater investment into research and development to improve irrigation efficiency.

Recommendation 15

The Committee recommends that the Commonwealth Government establish a national water fund to:

- invest in on- and off-farm water saving projects;
- invest in environmental works and measures; and
- invest in research and development to improve irrigation efficiency.

Recommendation 16

The Committee recommends that the Commonwealth Government consider establishing a national water fund manager that may:

- take a strategic, localised approach to water purchase;
- in special circumstances, sell surplus environmental water as well as purchasing additional water when needed;
- identify and invest in irrigation and environmental infrastructure projects.

6 Delivering the Basin Plan

Recommendation 17

The Committee recommends that the Commonwealth Government fund the development of a plan, in partnership with the States and Australian Capital Territory, for the implementation of the Basin Plan.

Recommendation 18

The Commonwealth Government, through the Council of Australian Governments, seek agreement with Basin states on a cooperative model for developing water resource plans in which the Murray-Darling Basin Authority, the Commonwealth Environmental Water Holder and state and territory water agencies sit together with regional stakeholders to develop each water resource plan.

Recommendation 19

The Committee recommends that the Commonwealth Government clearly communicate to Basin communities the purpose of the Environmental Watering Plan and how it would be implemented at a regional level.

Recommendation 20

The Committee recommends that the Commonwealth Government establish a dedicated agency to be led by the Commonwealth Environmental Water Holder with a focus on:

- developing the scientific and engineering expertise to deliver an efficient environmental watering plan;
- improving knowledge of the water needs of environmental assets and how best to manage them; and
- transparency and accountability to its key stakeholders, including the community.

Recommendation 21

The Committee recommends that the Commonwealth Government charge the National Water Commission with responsibility for auditing and reporting on:

- the management and use of environmental water by the Commonwealth Environmental Water Holder and the manager of the proposed national water fund on an annual basis, including:
  - ⇒ the volume of water recovered for the environment;
  - ⇒ use of the proposed national water fund, including investment in irrigation efficiency and environmental works and measures;
  - ⇒ the use of environmental water including volume, location, timing and outcomes achieved; and

- ⇒ entitlements and allocations strategically purchased or sold, including location, timing, products (security and reliability), average long term volume and average value per megalitre.

- the transition to and implementation of the Basin Plan, on a five-yearly basis, including:
  - ⇒ the efficacy of state water resource planning;
  - ⇒ Commonwealth investment in irrigation and environmental infrastructure projects;
  - ⇒ the accumulation of environmental water, including any water purchase programs;
  - ⇒ the impacts of government reform activities on the socio-economic well being of communities;
  - ⇒ the influence of government purchasing activity on the water market; and
  - ⇒ the use of environmental water and the achievement of environmental objectives.