

Dissenting report by Senator Nick Xenophon

'Throwing the baby out with the bath water'

1.1 The National Water Commission (Abolition) Bill 2014 is a classic example of throwing the baby out with the bath water. It is a short-sighted cash grab by a Government that seems to have forgotten the mistakes of Australia's past water management policies.

1.2 Professor Richard Kingsford, the Director of the Centre for Ecosystem Science at the University of New South Wales shares these concerns:

We seem to be on a path to repeat the same mistakes we made in the past. As we know from the Murray-Darling experience, that will cost us an awful lot of taxpayer money and a lot of social capital as well.¹

1.3 I am deeply concerned the \$20.9 million over 4 years in expected savings following the abolition of the National Water Commission (NWC) will in fact end up costing us much more. As the Australian Conservation Foundation pointed out:

The Government has rationalised the closure of the NWC as part of its budget austerity, following recommendations from the Commission of Audit. However the potential budget savings from the proposed closure over forward estimates are extremely small. In fact they represent less than 0.0001 per cent of government expenditure over the relevant period.

The NWC plays an important role in ensuring that more than \$13 billion that has been invested in water reform, particularly in the Murray-Darling, is delivering value for money.

The closure of the NWC would diminish oversight of water reform nationally and deliver extremely limited budgetary savings.²

1.4 The Government argues that the Productivity Commission, together with various government departments will be able to continue the work of the NWC. While it is clear the Productivity Commission is experienced in analysing broader policy issues and making recommendations, it does not have the same mandate as the NWC, particularly in terms of promoting the objectives and outcomes of the National Water Initiative. Furthermore, the Productivity Commission conceded during the public hearing that it will need to 'buy' the necessary expertise in order to undertake the reviews with which it will be tasked following the closure of the NWC.³

1.5 There is also the matter of the PC having to balance the multiple competing issues which it is examining and allocating limited resources to each inquiry. Mr

1 Professor Richard Kingsford, Director, Centre for Ecosystem Science, University of New South Wales, *Committee Hansard*, 4 November 2014, p.4.

2 Australian Conservation Foundation, *Submission 15*, p. 5.

3 Mr Daryl Quinlivan, Head of Office, Productivity Commission, *Committee Hansard*, 4 November 2014, p. 42.

Daryl Quinlivan, Head of Office of the Productivity Commission explained to the committee:

There are an infinite number of things we can deploy resources on and that is the judgement that has to be made. If it is not triggered by the statutory functions and the terms of reference from the Treasurer, the logic that would lead us to be doing work in this area would be based on the best return for effort against any number of other things we might look at.⁴

1.6 There is a clear danger that water policy will be put further and further down the list of priorities of the PC, especially in the absence of any clear instructions from the Government to examine water related issues.

1.7 Further, the PC is not set up like the NWC, in that it does not have links to States and Territories through the NWC Commissioners who are highly trained in facilitating and driving reform implementation.

1.8 I refer to my comments at the Public Hearing, where I question the cost of establishing an Australian Water Centre, which would cost the same as the proposed cuts were the NWC to be abolished:

As I understand it, DFAT is going through a process of establishing the Australian Water Centre, with some \$20 million being set aside for that. Do you know anything about that? It seems curious that the government is looking at some savings of a similar amount with the NWC but is looking at setting up another body, but it was focused on Australian water expertise to the world, particularly our region.⁵

1.9 What is required is an oversight and auditing body with sufficient resources and staffing to allow for reforms to be properly carried out. We have this currently in the National Water Commission.

1.10 Without the NWC there will be no independent leader of water reform in Australia:

WSAA is not convinced the PC has a role in being able to lead the development of a new water reform agenda through a renewing of the NWI. The Independent Review of the NWC commissioned by the Commonwealth Government on behalf of COAG found that implementation of the NWI is occurring within a highly complex and evolving environment and that this requires an independent and specialist institution to credibly engage with, and report on, the progress of water reform. We agree with this finding and call for an independent body to provide this leadership for water reform.⁶

4 Mr Daryl Quinlivan, Head of Office, Productivity Commission, Committee Hansard, 4 November 2014, p. 49.

5 Senator Xenophon, *Committee Hansard*, 4 November 2014, p.3.

6 Water Services Association of Australia, *Submission 23*, pp. 4-5.

1.11 Whilst the reforms as part of the 2004 National Water Initiative were carried out over a ten year period, it must be acknowledged that there are new emerging environmental factors to consider.

1.12 Of note, the Wentworth Group of Concerned Scientists are particularly concerned with the impact of a changing climate, and the management of national water reforms across the mining, petroleum, carbon sequestration, and energy generators.⁷

1.13 With the debate on climate change on a global scale reaching new heights, it would be advisable to retain the NWC and retain this corporate knowledge base as we move into the next phase of Australian water management.

1.14 I do not want to see the world-class reforms introduced through the 2004 National Water Initiative be left to ruin, instead they need to be developed into the next phase of reforms. And I am not alone in my conclusion, with the Wentworth Group of Concerned Scientists stating:

Water reform must be seen as a long-term endeavour, rather than a one-off effort.⁸

1.15 I would also remind the Government of their proposal of development of further water resources in the agricultural competitiveness green paper, and how we need to retain the NWC now more than ever.

1.16 The NWC is the insurance policy for Australia's water policy. I believe that retaining the NWC is imperative to ensure that we continue to implement the National Water Initiative and properly deal with emerging challenges on water.

Recommendation: That the National Water Commission (Abolition) Bill 2014 not be passed.

**Senator Nick Xenophon
Senator for South Australia**

⁷ Wentworth Group of Concerned Scientists, *Submission 29*, p. 2.

⁸ Wentworth Group of Concerned Scientists, *Submission 29*, p. 0.

