

Dissenting Report

Australian Labor Party

Overview – Basin Plan origins and purpose

1.1 There has been conflict about the use of water along the Murray-Darling for longer than Australia has existed as a nation. The Basin has seen years of tensions between states and their competing claims for water for different communities, economic interests and environmental concerns. The Murray-Darling Basin Plan was adopted by the Australian Parliament in 2012 with the support of all Basin States. This was a historic achievement.

1.2 The Murray-Darling Basin Plan embodied a more balanced approach to water management than had been historically in place. For most of the last century, the focus was on developing the river for economic benefit. As more water was diverted for human consumption, flow through the river decreased by 75% on average.¹ This caused significant degradation of natural assets along the river system, including soil and water quality. There has been a loss of around 70% of floodplain vegetation, as well as a significant reduction in the numbers of native fish and waterbirds.²

1.3 This level of water use was unsustainable. The aim of the Murray-Darling Basin Plan was:

...not to return freshwater ecosystems to a ‘natural’ state – rather to deliver a healthy working river system. This means one that supports the social and economic needs of people, while continuing to maintain the health of important ecosystems requiring periodic water flow.³

1.4 Although the Murray-Darling Basin Plan aims to strike a balance between the competing claims on the river system, there is ultimately a limited supply of water. This means that no particular claimant is likely to have their interest entirely satisfied.

Rollout

1.5 The Murray-Darling Basin Plan contains a number of interlocking features. The Murray-Darling Basin Authority explains the key elements as follows:

The Basin Plan builds on the state governments’ long standing water management arrangements and introduces two key new requirements:

1. sustainable limits on water extraction for all water resources in the basin

1 Murray-Darling Basin Authority, *Watering Strategy 2013-2014*, p. 1.

2 Murray-Darling Basin Authority, *Supplementary Submission 243.1*, p. 1.

3 Murray-Darling Basin Authority, *Watering Strategy 2013-2014*, p. 2.

2. whole-of-basin management to ensure a basin-wide approach is taken to managing the connected river system across jurisdictional borders

...

As a result of community input and state requests, the 2012 Basin Plan water reform package was adjusted to include:

- a seven-year transition period to reach the new settings in the plan, giving communities and industries time to adjust
- opportunities built into the Basin Plan for adjustment and review, to improve the triple bottom line benefits, notably:
 - the ‘SDL adjustment process’: to look at potential projects that can reduce the amount of water needing to be recovered provided equivalent environmental outcomes can be achieved and social and economic outcomes are maintained or improved
 - the Constraints Management Strategy: to investigate improvements to the effectiveness of environmental water use, which is supported by \$200 million Commonwealth funding to mitigate impacts
 - the Northern Basin Review: to revisit some of the settings in the north once more robust science and a better understanding of the potential social and economic effects on some more vulnerable communities is available
 - three groundwater reviews to assess the potential to increase sustainable groundwater extraction in three areas
- Commonwealth government commitment to prioritise infrastructure investment over purchasing water on the market, to achieve the new sustainable limit.⁴

1.6 Importantly, the Murray-Darling Basin Plan includes an extraction limit for the basin as a whole, meaning that 2750 ggalitres per year has to be recovered from consumptive use for the environment.⁵

Current issues

1.7 Labor Senators consider that the evidence given to the committee, when taken as a whole, shows that the Murray-Darling Basin Plan is delivering results.

Environmental outcomes

1.8 Labor Senators affirm the importance of environmental outcomes to the Murray-Darling system on both economic and environmental bases. The Basin Watering Strategy contains a comprehensive framework for allocating environmental

4 Murray-Darling Basin Authority, *Submission 243*, p. 1.

5 Murray-Darling Basin Authority, *Submission 243*, p. 1.

water. This framework sets out clear environmental objectives that are based on contemporary scientific understanding.⁶

1.9 This Committee received evidence that the implementation of this framework has been effective in providing some environmental outcomes to date.⁷ Labor Senators accept this evidence, whilst acknowledging that there are further environmental outcomes that will only be realised over time.⁸ Reversing over a century of ecological degradation will take some years, however the early indications are positive.

1.10 In particular, this Committee heard evidence that the Basin Plan has had success in the application of environmental water to generate fish breeding events, extend water bird breeding events, and improve the quality and extent of riparian vegetation.⁹

1.11 Australia is recognised as a world leader in water management. The key to this is adaptive management. Adaptive management means a cycle of monitoring, evaluation and modification as water managers learn the relationships between particular strategies and the environmental outcomes they produce.¹⁰ Labor Senators accept the evidence that the Commonwealth Environmental Water Holder is acting in accordance with best practice adaptive management strategies, and is a diligent, responsive and prudent operator.¹¹ Although particular water management strategies may sometimes produce differing levels of success, this is to be expected and is accommodated by the responsiveness of adaptive management.¹²

Economic impacts

1.12 Labor Senators acknowledge that the reduction in availability of water requires both producers and communities to make adjustments. A package associated with the plan is being rolled out to support producers and communities.

1.13 The majority report sets out some of the moving evidence this Committee has heard from communities who are experiencing economic adjustment.

1.14 The introduction of water trading triggered changes in the economic viability of many water-use activities – it is clear that some communities are struggling to adjust.

6 Murray-Darling Basin Authority, *Watering Strategy 2013-2014*, p. 9.

7 Murray-Darling Basin Authority, *Supplementary Submission 243.1*, p. 6–7.

8 Murray-Darling Basin Authority, *Watering Strategy 2013-2014*, p. 8.

9 Commonwealth Environmental Water Holder, *Supplementary Submission 45.1*, Case Studies.

10 Mr David Papps, Commonwealth Environmental Water Holder, Commonwealth Environmental Water Office, Department of the Environment, *Committee Hansard*, 5 February 2016, pp 32–36.

11 Commonwealth Environmental Water Holder, *Supplementary Submission 45.1*, p. 2.

12 Mr David Papps, Commonwealth Environmental Water Holder, Commonwealth Environmental Water Office, Department of the Environment, *Committee Hansard*, 5 February 2016, p. 32.

1.15 It is not clear, however, that all of the difficulties being experienced by communities have been caused by the introduction of the Basin Plan. Instead, social research produces a more complex picture. There is evidence that disadvantage and dislocation has affected communities across rural Australia, and not just in the basin. This evidence suggests that many basin communities are experiencing economic and social decline for reasons that are not correlated with the operation of the Basin Plan.¹³ Labor Senators do not believe that this makes the evidence we heard from some of those communities any less moving. However, it does influence whether the correct policy lever is to be found in the Murray-Darling Basin Plan or through some other government mechanism.

Community Engagement

1.16 The implementation of the Murray-Darling Basin Plan represented a significant change for many Basin communities. Community engagement is enormously significant for any change process. It is important that all government agencies work to engage the Australian community transparently, consultatively, and where possible collaboratively.

1.17 Labor Senators note the evidence given about the investment Murray Darling Basin Authority has made in community engagement.¹⁴ Labor Senators encourage the Authority to energetically pursue community engagement, given the significance of the change to local communities. The Basin Plan represents an opportunity to demonstrate best practice.

Committee process and report

1.18 The Murray Darling Basin Plan was an important reform of Australia's water policy, and continues to be a significant driver of social, economic and environmental outcomes in the region. Labor Senators support continued engagement by Australian parliamentarians with this issue.

1.19 Labor Senators commend the Chair and Deputy Chair for their commitment to pursuing issues and engaging with Basin community. There are some in the Basin community who are unhappy with how the Basin Plan operates, and the Labor Senators acknowledge that the majority report seeks to reflect some of this evidence.

1.20 However, Labor continues to support the implementation of the Murray-Darling Basin Plan, recognising that the long term health of Basin communities is dependent on a healthy, working river. The critical foundation for the Murray-Darling Basin Plan was (and remains) bipartisan support in the Australian parliament, along with support of all Basin jurisdictions.

13 Dr Jacki Schirmer, *Submission 211*; Murray-Darling Basin Authority, *Submission 243*, Appendix 5; Mr Ian Thompson, First Assistant Secretary, Sustainable Agriculture and Fisheries Division, Department of Agriculture, *Committee Hansard*, 18 September 2015, p. 25.

14 Mr David Dreverman, Executive Director, River Management Division, Murray-Darling Basin Authority, *Committee Hansard*, 5 February 2016, pp 44–45.

1.21 Labor Senators believe that there may be some valid concerns about the operation of the Murray-Darling Basin Plan raised in the evidence heard by this Committee, and in the majority report itself. However the evidence that has been heard does not provide the scientific or technical basis for making highly specific recommendations that may disturb the stability and operation of the plan. The Basin Plan operates as a whole. There are complex interlinkages between the different elements, and there are significant risks in modifying particular elements of the Plan on an ad hoc basis in the absence of an overall strategic approach. Labor Senators have concerns that this inquiry has not put this Committee in a position to be able to avoid or minimise those risks. Accordingly, Labor Senators are not able to support the majority of recommendations set out in the majority report.

Senator Jenny McAllister

Australian Labor Party Senator for New South Wales

