

Chapter 4

Murray-Darling Basin Plan matters

4.1 On 28 March 2017, the Senate amended an order of the Senate of 8 November 2016 relating to the hearings for the 2017–18 Budget estimates to include a cross-portfolio estimates hearing on Murray-Darling Basin Plan matters. In accordance with the order, the hearing was held on 26 May 2017 for a total of 6 hours and 5 minutes.

4.2 This chapter outlines the key issues considered during the 2017–18 Budget estimates hearings for the matters relating to the Murray Darling Basin Plan.

4.3 On 26 May 2017, the committee heard evidence from the following:

- Water Division, Department of Agriculture and Water Resources (DAWR);
- Murray-Darling Basin Authority (MDBA); and the
- Commonwealth Environmental Water Holder, Department of Environment and Energy.

4.4 Many of the issues considered during the hearing crossed over the three respective bodies. The presence of officials from all three agencies throughout the day was appreciated by the committee.

4.5 Officers from the DAWR first provided an outline of the functions of the respective bodies. DAWR is responsible for the overall policy and some programs, particularly those focused on recovering water. The MDBA is responsible for policy relating to the plan while working on the Murray River and the Commonwealth Environmental Water Holder manages the Commonwealth environmental water holding of 2,509 gigalitres to protect and restore the basin's environmental assets.¹

4.6 Issues considered by the committee included:

- National Water Infrastructure Development Fund;²
- Murray-Darling Basin Plan;
- buybacks;
- projects in the Coorong-Murray Mouth;³
- Northern Basin Review, including consultation with local Indigenous groups;⁴
- feasibility studies⁵; and

1 *Proof Hansard*, 26 May 2017, p. 39.

2 *Proof Hansard*, 26 May 2017, pp. 3–4

3 *Proof Hansard*, 26 May 2017, p. 6.

4 *Proof Hansard*, 26 May 2017, p. 8.

5 *Proof Hansard*, 26 May 2017, p. 25.

- the basis of water policy.⁶

National Water Infrastructure Development Fund

4.7 The \$500 million National Water Infrastructure Development Fund increased in value to \$509 million through two white papers: the *Agriculture Competitiveness White Paper* and the *White Paper on Developing Northern Australia*.⁷

4.8 Questions were asked by the committee about the feasibility studies conducted under the fund of which there are 39 across the country. As an example, a feasibility and technical assessment of the Emu Swamp Dam in Queensland received a grant of \$3.97 million.⁸

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4.9 In relation to current progress towards recovery, as of 30 April, there were 2,050 gigalitres of water including water held as well as contracted.⁹ The gap, between 2,050 and the target 2,750 gigalitres, is expected to be addressed through the sustainable diversion limit (SDL) adjustment mechanism which provides for ways in which environmental water can be used more effectively.¹⁰ According to advice from the MDBA, there is a prospect of an SDL adjustment amounting to around 650 gigalitres, which would go a substantial way towards bridging the remaining gap.¹¹ The committee sought clarification about the supply measures to offset the water recovery target and the process by which the SDL can be amended.¹²

4.10 The committee focused its attentions on the plan and efforts to use the water more effectively to achieve environmental outcomes with minimum social and economic impact, as well as supply measures, infrastructure, efficiency and constraint measures.¹³ In particular, there was a lengthy discussion about the recovery of 450 gigalitres of additional environmental water (or up-water) through efficiently measures.

4.11 The committee asked questions about buybacks. It was informed that an amendment capped the amount of water that can be purchased from buybacks at 1,500 gigalitres. In terms of expenditure on buybacks, the committee was informed that as at 31 March 2017, \$5.742 billion had been spent or contracted. Overall, the total allocation for water recovery infrastructure and purchase is \$6.638 billion.¹⁴

6 *Proof Hansard*, 26 May 2017, p. 29.

7 *Proof Hansard*, 26 May 2017, p. 4.

8 *Proof Hansard*, 26 May 2017, p. 25.

9 *Proof Hansard*, 26 May 2017, p. 4.

10 *Proof Hansard*, 26 May 2017, pp. 4–5.

11 *Proof Hansard*, 26 May 2017, p. 5.

12 *Proof Hansard*, 26 May 2017, pp. 20–23.

13 *Proof Hansard*, 26 May 2017, pp. 20–37, 49–52.

14 *Proof Hansard*, 26 May 2017, p. 6.

Northern Basin Review

4.12 In 2012, a review of northern basin settings was launched. This led to a series of consultation sessions in 2016. In November 2016, the MDBA released a report which set out the outcomes of the review and proposed that the northern basin water recovery target be reduced from 390 to 320 gigalitres.¹⁵ Release of the review report led to period of public consultation from November 2016 to February 2017.

4.13 In mid-June, the MDBA is expected to hear views from state ministers about whether its recommendations are supported. Thereafter, the MDBA will present its amendment to the Minister for Agriculture and Water Resources for consideration.¹⁶

Role of the Commonwealth Environmental Water Holder

4.14 The committee considered the mandated outcomes of the Commonwealth Environmental Water Holder. The Basin Plan and the basin-wide environmental watering strategy dictate the expected environmental outcomes to which the water holder contributes through the use of Commonwealth environmental water.¹⁷

4.15 For example, the water holder informed the committee that in the northern part of the basin in NSW where the rivers flow more freely, environmental watering is a different challenge to that in other parts of the basin.¹⁸ The point was made that, as it is a working basin and a major producer of food and fibre, environmental watering is directed at outcomes that take account of that reality.¹⁹ The committee heard that the water holder's aim is to deliver a series of river healthy objectives.²⁰

Senator Barry O'Sullivan

Chair

15 Murray–Darling Basin Authority, *The Northern Basin Review – Understanding the economic, social and environmental outcomes from water recovery in the northern basin*, November 2016, p. 4, <<https://www.mdba.gov.au/sites/default/files/pubs/Northern-basin-review-report-FINAL.pdf>> (accessed 15 June 2017).

16 *Proof Hansard*, 26 May 2017, p. 9.

17 *Proof Hansard*, 26 May 2017, p. 40.

18 *Proof Hansard*, 26 May 2017, p. 41.

19 *Proof Hansard*, 26 May 2017, p. 42.

20 *Proof Hansard*, 26 May 2017, p. 48.

