



Australian Government

Australian Government response to the Senate Environment and Communications References Committee report:

Sustainable management by the Commonwealth of water resources

JANUARY 2013

The Australian Government Response to the Inquiry into the Sustainable management by the Commonwealth of water resources.

The Australian Government welcomes the Senate Environment and Communications References Committee's final report for the inquiry *Sustainable Management by the Commonwealth of Water Resources*. The final report was presented on 7 October 2010. The report made four recommendations. The Government's response to each of these recommendations is set out below.

Following these responses is the Government's response to one recommendation for the Government in the minority report by Independent Senator Nick Xenophon.

On 13 September and 1 November 2012, the Minister for Water, the Hon Tony Burke MP made suggestions for changes to the Proposed Basin Plan under section 44(1) of the *Water Act 2007*. The suggestions have taken full account of the recommendations from jurisdictions, parliamentary committees and community meetings.

The final Basin Plan was signed into law by the Minister on 22 November 2012 and tabled in the Parliament on 26 November 2012.

GOVERNMENT RESPONSE TO THE COMMITTEE REPORT

Recommendation 1

The government should prepare an annual report of the Sustainable Rural Water Use and Infrastructure Program, detailing projects completed, in progress and planned, including for each project information on costs and timelines, water savings, and the share of water savings dedicated to the environment, extractive uses or other purposes.

Agree in principle.

The Government will report on progress under the Sustainable Rural Water Use and Infrastructure Program annually commencing with a report for the 2012-13 financial year.

Recommendation 2

The government should commit to making community impact statements for Commonwealth water purchases from each sub region of the Murray Darling Basin.

Agree in principle.

The Australian Government supports the principle of examining the impact of water reform at a regional level, and considers this is being addressed through work of the Murray-Darling Basin Authority (the MDBA) and the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC).

The MDBA has commissioned detailed economic modelling of the impacts of Basin water reform. This modelling indicates the Basin Plan will have a modest impact on food production at the Basin level, with the Government investment under the 'Water for the Future' initiative substantially offsetting the impacts of reduced water availability.

This modelling is discussed in more detail in the Basin Plan Regulation Impact Statement, released in November 2012, and the report *Socioeconomic Analysis and the Draft Basin Plan*, published by the MDBA in May 2012. These reports are available from the MDBA website.

These reports are complemented by a recently released survey of more than 500 people who participated in the Commonwealth's water purchase program. The survey showed the water purchase program was seen to be beneficial for 80 per cent of those surveyed, the majority of proceeds from water sales are spent within the local region and almost all who exited farming found alternative local employment, or retired in their local community.

The report can be downloaded from SEWPaC's website:
<http://www.environment.gov.au/water/publications/mdb/survey-seller-rtb-program.html>

The Government will continue to monitor the impact of Basin water reform on the Basin economy and food production. This will be supported by the regular monitoring and evaluation reports required by the Basin Plan, in particular the requirement for reports into the effect of the Basin Plan on social, economic and environmental outcomes.

Recommendation 3

The Commonwealth should fund a structural adjustment package, based on the needs identified by community impact statements, for communities affected by reduced water availability resulting from the Commonwealth's water buyback system.

Agree in principle.

The former Minister for Regional Australia, the Hon Simon Crean MP, announced \$100 million of Federal Government funding for community-driven economic diversification projects in the Basin which will assist Basin communities to adjust to a future with more sustainable water use.

Recommendation 4

The Commonwealth with the states and territories should give priority to developing a more efficient and transparent water market, including setting best practice standards or regulations for water brokers or intermediaries.

Agreed in principle.

The Australian Government is pursuing a number of initiatives to improve the performance of water markets.

The Government is working with Basin states to reform barriers to water trade, facilitate the introduction of appropriate water market regulation and develop a National Water Market System (NWMS) that will improve management of water registries, transactions and market information. Basin states have also agreed to implement, and report on, faster processing of water trades.

A key initiative of the NWMS is the Common Registry System (CRS). The Government is progressing the first phase with the selected Implementation Partner.

The Government introduced water market rules and three sets of water charge rules under the *Water Act 2007* to reduce barriers to trade and promote greater rigor, transparency and consistency in the way charges for rural water infrastructure services and water planning, and management activities are levied across the Basin.

The Basin Plan contains rules, known as water trading rules, specifically for the trade or transfer of tradable water rights in relation to Basin water resources.

The Government will undertake a Council of Australian Governments (COAG) Regulation Impact Statement (RIS) to examine options to regulate the conduct of water market intermediaries. The RIS process will examine a number of options and will include stakeholder consultation.

**GOVERNMENT RESPONSE TO THE MINORITY REPORT BY INDEPENDENT
SENATOR XENOPHON**

Recommendation

That there is an immediate full federal takeover of the Murray-Darling Basin to ensure that there is a uniform and consistent approach to water licences in the Basin.

Disagree.

The *Water Act 2007* as amended extends Commonwealth management of the Murray-Darling Basin (the Basin) to new levels. The Government will use the powers it now has to ensure good management of the Basin.

