

Minority Report

Australian Labor Party

Introduction

1.1 After too many years of neglect for the problems facing the Murray Darling Basin, the Rudd Government is getting on with the job of reforming the Basin.

1.2 Last year the Prime Minister secured the agreement of Basin states to a new model of Basin Governance. In particular, this agreement provides for the development of a new Basin Plan and sustainable diversion limit on surface and ground water resources, where the final decision rests with the Commonwealth Minister alone.

1.3 These far-reaching reforms have also been accompanied by a commitment to invest in better and more efficient irrigation water management and use, Basin-wide, as well as the Rudd Government's commitment to purchase water entitlements from willing sellers to put back in the rivers and wetlands of the Basin.

1.4 The first Communiqué of the new Murray Darling Basin Ministerial Council includes the following:

The key challenge of the Basin Plan is to put the future of the Basin, its communities, and its environmental values on a sustainable footing and that requires some tough decisions.

The Ministers were united in the view that the process of adjusting to the new, lower sustainable diversion limits expected in the new Basin Plan should start now and that the combination of investments in irrigation efficiency and water purchase are key to this adjustment process.¹

Governance arrangements

1.5 The model agreed by all Basin jurisdictions last year, as outlined in section 1 of the Committee report, is most appropriate as we move forward.

1 Darling Basin Ministerial Council Meeting No 1, 12 June, Sydney, Communiqué. Available at: <http://www.mdba.gov.au/system/files/MinCo-1-communication.pdf>

1.6 The assertion that the new Murray Darling Basin Authority lacks independence is rejected. In his evidence, Authority CEO Mr Freeman told the Committee that, in its planning role, the Authority is independent of Basin States.²

1.7 Furthermore, Basin states agreed, in the national interest, that the final decision on the Basin Plan is to be made by the Commonwealth Minister alone. In doing so, Basin states agreed to cede their right to veto on such a decision that they held under the previous governance model.

1.8 The Basin Plan will be a comprehensive plan for the future management of all water resources in the MDB, both surface and groundwater. All parties to the IGA have affirmed the primacy of the Basin Plan in relation to the water resources of the Basin.

1.9 Government senators reject the majority Committee recommendation 1, 1.37, that the Commonwealth pursue a total takeover of Murray Darling Basin state and territory government water management functions, and of associated legislation, regulation, planning and institutional arrangements in the Basin. Government senators also reject the majority Committee recommendation that, should this takeover not be agreed by Basin states, the Commonwealth should pursue “other options” to bring such a takeover into effect.

Implementation of Basin Plan and water sharing arrangements

1.10 As is referred to above, it is highly significant that the final decision on the Basin Plan and sustainable diversion limit on the Basin’s surface and ground water resources now rests with the Commonwealth Minister alone.

1.11 Once the Basin Plan has come into effect, all jurisdictions must comply with the new sustainable diversion limits for surface and ground water resources.

1.12 With this in mind, many of the concerns expressed in evidence to the Committee in relation to the new governance arrangements for the Basin are unfounded. In any event, Government senators believe that the new arrangements must be given the chance to work.

1.13 As part of its development, the Basin Plan will of course require an extensive process of consultation with Basin communities and stakeholder organisations. Socio-economic factors must also be taken into account.

2 *Committee Hansard*, 26 September 2008, p. 57.

1.14 Government senators note the majority Committee view that transitional arrangements for the Basin Plan, as detailed in the *Water Act 2007*, should be dispensed with to ensure that the Basin Plan is brought into effect “at the earliest possible opportunity”. The view of Government senators continues to be that existing water sharing plans in the Basin should be allowed to run their course.

Long-term prospects for the management of Ramsar wetlands in the MDB

1.15 Certainly, past management arrangements, both at Commonwealth and State level, have impacted on the health and status of Ramsar wetlands across the Basin.

1.16 Historic overallocation, and the failure of the previous Federal and state governments to address the issue, is a key factor that has contributed to the problems now faced by many of the Basin’s Ramsar listed wetlands.

1.17 In addition, the current unprecedented drought affecting most of the Basin has to be taken into account. In the southern Basin in particular, we have seen very low inflows over many years, including the last three years which represent the lowest ever 3 year period of inflows into the River Murray on record.

1.18 To the extent that climate change has been a factor in this current extended drought, climate change has also had an impact. Indeed, climate change presents a significant continuing threat to many of the Basin’s Ramsar wetlands, as it does to numerous other wetlands and floodplains across the Basin.

1.19 It is most unreasonable to assert that the Rudd Government is somehow complicit in any continuation of past mismanagement in relation to Ramsar sites around the Basin.

1.20 On the contrary, the Australian Government is playing a very strong role in various Ramsar-related initiatives that, collectively, are helping states in the management of their Ramsar listed wetlands in accordance with the Ramsar Convention.

1.21 In particular, the Australian Government has committed \$3.1 billion to purchase water from willing sellers in the Basin under a program now well underway. Much of this water will be available to support improved watering for Ramsar listed wetlands.

1.22 In relation to the Lower Lakes and Coorong Ramsar site, it should also be noted that this support includes a \$200m commitment towards the development and implementation of a plan to address the long-term environmental threats to the Lower Lakes and Coorong Ramsar site, plus a further \$10m towards expanding bioremediation efforts to help address the risks of acidification.

1.23 Government senators support recommendation 4.41.

Environmental water in the MDB

1.24 The deteriorating health of the rivers and wetlands of the Murray Darling Basin represents compelling evidence of the historic over-allocation of the Basin's water resources, and of the failure of past Governments to tackle the issue. This impact is amply demonstrated in the 'Sustainable Rivers Audit', completed in 2008 for the former Murray Darling Basin Commission.

1.25 Over-allocation also impacts on the reliability of irrigation water entitlements.

1.26 Additionally, in the southern Basin at least, it is now increasingly apparent that climate change is a factor in the availability and reliability of water for both consumptive and environmental needs,.

1.27 Hence there is a compelling need to reduce diversion limits across the Basin to sustainable levels, and to invest in water entitlements that can be used to benefit the environment.

1.28 Given the nature and scale of the adjustment that needs to be made, there is also a need to assist irrigation communities in making the transition between the current Basin 'cap' on water use, and future sustainable diversion limits that can be expected under the new Basin Plan.

1.29 Whilst Basin states are responsible for implementing the new Basin Plan and sustainable diversion limits once existing water plans expire, the Australian Government has decided that it would be irresponsible to leave this task entirely to state governments. That's why the Australian government has committed to invest in bridging the gap between current and future limits on water use in the Basin.

1.30 Government senators believe that best way to smooth the transition for irrigation regions in adjusting to new lower limits on water use is to invest in both;

- improved efficiency and productivity of irrigation water management and use, and
- purchase of water from willing sellers.

1.31 Whilst it takes longer to plan and build good irrigation infrastructure than it does to buy water, the Australian Government is committed to doing both.

1.32 In terms of timing, it would be irresponsible to delay investments in irrigation efficiency and purchasing water from willing sellers, as this will reduce the benefits

from these programs on the ground, and increase the scale and pace of adjustments required once the Basin Plan comes into effect.

1.33 Without these investments in both irrigation efficiency and water purchase, irrigators and irrigation-dependent communities in the Basin will face a far more difficult and far more abrupt cut in the future.

1.34 In this way food security, and the need for a vibrant and profitable irrigation sector in the Basin, are being appropriately protected through this unavoidable change process.

1.35 To date, the Australian Government has made substantial commitments in the future of irrigation communities in the Basin as an integral part of this transition process. These include:

- \$3.7 billion committed to state priority projects in the Basin, which includes provision for both on-farm and off-farm programs, and provision for private irrigation infrastructure operators in both NSW and South Australia.
- Additional commitments towards the Wimmera Mallee Pipeline in Victoria, and to a major \$400m project in the Menindee Lakes, both of which will realise significant water efficiency savings in the Basin.
- A further \$300m has been committed to a new on-farm water efficiency program for farmers in the southern connected Basin and the Lachlan valley; and
- \$200 million committed to a new program to assist local councils in the Basin to plan for a future with less water, and to invest in water saving initiatives.

1.36 The Australian Government continues to work closely with state governments to ensure that state government components of State Priority Project investments roll-out as soon as soon as possible.

1.37 Meanwhile, the Department of the Environment, Water, Heritage and the Arts and the National Water Commission is developing a rigorous framework to monitor, on a regional basis, the impacts of water reforms, including water purchases and water infrastructure investments, as well as other market driven adjustment.

1.38 Under the Australian Government's \$3.1 billion to a program of accelerated purchase of water entitlements, it must be noted that:

- water entitlements are only purchased from willing sellers, and

- all water entitlements are transferred to the Commonwealth Environmental Water Holder (CEWH).

1.39 All water available under these new environmental water entitlements is to be used on the rivers and wetlands of the Basin. Management and use of the Commonwealth's environmental water is informed by the independent, expert Environmental Watering Scientific Advisory Committee chaired by Professor Barry Hart.

1.40 In addition, the Basin Plan, once completed, will include an environmental watering plan that will further inform decisions by the CEWH on the use of available environmental water.

1.41 Agreement has now been reached with Victoria that permits the Australian Government to purchase 460 GL of water entitlement from 2008/9 to 2012/13. This agreement will also see a phased lifting of the 4% cap on trade.

1.42 In the meantime, the Government will commission the Productivity Commission to report on the relative merits of existing and alternative mechanisms to purchasing water.

1.43 In relation to water trade, Government senators note the recommendation in the majority Committee report that the Government should work towards achieving nationally uniform water trading arrangements. Consistent with the Government's pre-election policy, work on a national water trading system and register is already underway.

1.44 In summary, given the need for an early adjustment to new sustainable diversion limits under the Basin Plan, combined with the urgent need to deliver water to high value environmental assets throughout the Basin, there can be no justification for further delaying action on Basin reform. Very clearly, delays arising from past inaction have contributed to the problems we now face, and further delay would only exacerbate these problems.

Impacts of Climate Change and the likely future availability of water in the Murray Darling Basin

1.45 The growing body of evidence that lower rainfall and reduced runoff in the south-east of Australia is linked to global warming can no longer be denied. Nor can the harsh realities of this current extended drought. For example:

- In the majority of river valleys in the Southern Basin, inflows in recent years have been at, or around, the worst case projections for 2030 by CSIRO.

- The recent dry autumn means that we have now had 9 consecutive autumns with below average rainfall in the southern Basin.
- Across the Basin, water allocations for irrigated agriculture have remained well below average for some time.

1.46 In relation to the CSIRO Sustainable Yields report, it needs to be emphasised that CSIRO's projections for 2030 provide estimates of future water availability for consumptive uses under existing diversion rules. They do not take into account further adjustments that may be required to address over-allocation and river health, and to protect the reliability of irrigation water entitlements from erosion.

1.47 Mr Bill Young from CSIRO, and the MDB Authority CEO, Mr Rob Freeman, each gave evidence to the Committee that emphasised this point.³

1.48 The current and future impacts of interception activities (such as forestry and farm dams), combined with increased development of existing groundwater entitlements, and the interactions between surface and groundwater resources, also need to be taken into account in determining future sustainable diversion limits.

1.49 It should be noted that the MDBA, in developing the Basin Plan, may need to undertake further work to test the veracity of the CSIRO's Sustainable Yields work, including its projections as they apply to the potential impacts of climate change on groundwater resources, and on the implications of interactions between surface and groundwater resources (including, in some locations, a likely increase to the amount of leakage from rivers into aquifers).

1.50 In response to Rec. 11 in the Majority report, it should be noted that the Murray Darling Basin Authority, in developing the Basin Plan, is required to take account of socio economic factors. This is a requirement of the *Water Act 2007*.

1.51 Australian Government funding for a new and expanded role for the Bureau of Meteorology should also be noted. Under *Water for the Future*, the Bureau is investing in;

- improved data and information collection and reporting across all states and territories;
- improved real time measurement of water resource availability and use, nationwide; and

3 See Dr Bill Young, *Committee Hansard*, 16 March 2009, p. 9 and Mr Rob Freeman, *Committee Hansard*, 13 March 2009, p. 53.

- development of water resource forecasting capability.

1.52 In addition, the Australian Government is also investing in improved hydrological modelling capability through the e-Water CRC/CSIRO ‘WIRADA’ initiative.

1.53 Together, these investments will provide Basin communities and water resource managers with greater confidence in water resource availability than is currently possible to provide.

Unregulated water interception activities

1.54 In developing the Basin Plan, the Murray Darling Basin Authority will be considering the significance of unregulated water interception activities across the Basin. In doing so, the Authority will naturally make use of the best available knowledge on interceptions, (including existing knowledge and work underway that has been commissioned by the National Water Commission), and it is expected that additional work will be commissioned by the Authority as required to fill any knowledge gaps.

1.55 In this context, Government senators believe that there is sufficient investment in this interceptions issue.

1.56 It is also important to note that the Australian Government is actively investing in improved management of overland flow harvesting. Specifically, the Australian Government has committed \$50 million to NSW, as part of the NSW State Priority Project, towards (i) improved monitoring and management of floodplain harvesting, and (ii) improved protection of floodplain ecosystems.

Conclusion

1.57 Whilst some in the community would argue that the pace of the Australian Government’s Basin Reforms is too slow, others – including some Opposition senators – argue that the pace is too fast.

1.58 Government senators believe that the Australian Government has got the balance right.

1.59 The Australian Government recognises the urgency of the current water crisis in the Basin, and does not believe that further delay on action such as investment in irrigation efficiency and infrastructure, and purchase of water from willing sellers, is warranted.

1.60 Given the scale of the adjustment that can be expected under the new Basin Plan and sustainable diversion limits, the process of bridging the gap between current

and future diversion limits, through timely irrigation efficiency and water purchase investments, is essential to smoothing this transition process.

1.61 And given that very little happened in the years prior to the Rudd Government to restore the balance between consumptive and environmental water needs and to address the threat of climate change, to delay action any further would be irresponsible.

1.62 However, the process of developing a new Basin Plan cannot, and must not, be rushed. An ill-informed plan, developed in the absence of best available science and thorough consultation with Basin communities and stakeholders, would not be an acceptable outcome.

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