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Murray-Darling Basin Amendment Bill 2007

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MURRAY-DARLING BASIN AMENDMENT BILL 2007

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Second Reading

The Hon. TONY KELLY (Minister for Lands, Minister for Rural Affairs, Minister for Regional Development, and Vice-President of the Executive Council) [5.07 p.m.]: I move:

That this bill be now read a second time.

The purpose of the Murray-Darling Basin Amendment Bill is to amend the Murray-Darling Basin Agreement 1992 to enable improved business practices for River Murray Water, which is the water business unit of the Murray-Darling Basin Commission. The Murray-Darling Basin Agreement 1992 is an agreement between the Australian Government and the governments of New South Wales, Victoria, South Australia, Queensland and the Australian Capital Territory. I seek leave to have the balance of the second reading speech incorporated in *Hansard*.

Leave granted.

The purpose of the Murray-Darling Basin Agreement is to provide and co-ordinate effective planning and management for the equitable, efficient and sustainable use of the water, land and other environmental resources of the Murray-Darling Basin.

Effectively, the Agreement establishes the legal framework for natural resource management, water distribution, asset management and financial disbursements between the jurisdictions of the Murray-Darling Basin Initiative.

The Council of Australian Governments agreed to amend the Agreement on 14 July 2006, to improve the business practices of River Murray Water, and this bill will give effect to that decision in New South Wales.

The bill will have three main effects:

it will facilitate improved business practices for the Commission's water business (River Murray Water);
it will clarify the original Agreement in the matter of limiting Queensland's liability; and
it will attach supplementary details and to make a minor typographical correction to the Basin Salinity Management Schedule (Schedule C) of the Agreement.

The first of these matters represents the response of the Murray-Darling Basin Commission and the Murray-Darling Basin Ministerial Council to the COAG Water Reform Principles adopted in February 1994.

To meet this requirement the bill gives the Murray Darling Basin Ministerial Council the powers to:

establish and manage a long term renewals annuity fund for River Murray Water, to provide for capital renewals and major cyclic maintenance;
allow the Murray Darling Basin Commission to undertake borrowings for the above purpose;
re-assign the management of critical infrastructure between the relevant State Governments; and
vary cost sharing arrangements for periods of up to five years and to establish new thresholds, from time to time, for financial levels of works and measures requiring approval of the Commission or the Ministerial Council.

The second matter aims to put beyond doubt the liability of Queensland. The terms of the present Agreement do not specifically ensure that Queensland cannot be held liable, in damages, for matters in which it takes no part. The amending agreement, and this bill, removes ambiguities in the agreement that could be interpreted as widening Queensland's liabilities. Whilst the Ministerial Council has, by resolution, recognised this principle, the agreed view is that an indemnity should be enshrined in the Murray-Darling Basin Agreement.

The third matter is to add to the Basin Salinity Management Strategy, Schedule C of the Agreement, a detailed description of the authorised joint works and measures approved and implemented by the Ministerial Council. The opportunity has also been taken to adopt a typographical correction.

In closing, the bill will not affect the level of funding that Governments are allocating for the Murray-Darling

Basin Commission under existing arrangements.

However, it will enable the New South Wales Government to continue to co-operate with the other jurisdictions in the prudent management of water in the Murray Darling Basin.

I commend the bill to the House.

Mr IAN COHEN [5.07 p.m.]: The Greens do not oppose the Murray-Darling Basin Amendment Bill, which seeks to make changes to the business arrangements and practices for River Murray Water, the water business unit of the Murray-Darling Basin Commission. The bill gives effect to the decision of the Council of Australian Governments to amend the Murray-Darling Basin agreement on 14 July 2006 to make changes to the business practices of River Murray Water. I know that corresponding legislation already has been passed in Victoria and South Australia. This is minor tinkering with the current arrangements and the Greens have no objection to this. However, we must see the bill in the wider context of the problems in the Murray-Darling Basin.

The impacts of climate change on the Murray-Darling Basin will be immense and far reaching. One of the many reasons we need to take serious action on climate change is to protect the future of our food bowl, with the basin being a massive producer of agriculture. The future is looking bleak for farming communities in this area. The recent Murray Darling status report sought an acknowledgment of the fact that climate change is kicking in. Australia is experiencing a water emergency, and nowhere are the problems more complex or urgent than they are in the Murray-Darling Basin.

We need to make major changes to the way we think about water, the way we coexist with rivers and the way we share water—this limited, precious resource. Inflows to the Murray-Darling are at their lowest in 116 years, irrigation allocations are at an all-time low, and we have even less water in storage this summer than we had last year. Overextraction from the Murray-Darling Basin has reduced flow volumes to the Southern Ocean by 80 per cent. Major dams on the system can harvest entire floods, thereby robbing rivers and flood plains of essential wetting cycles as well as causing unseasonal flooding. This disrupts natural ecological patterns. There are more than 4,000 weirs cluttering the rivers of the Murray-Darling Basin. They block fish movement, increase salinity and impact on natural flow variability. Wetland areas have shrunk by 50 per cent or more and many wetlands have been invaded by weeds because of reduced flooding.

Salinity levels in the lower Murray, Lachlan, Macquarie, Namoi, Gwydir, Warrego and Condamine-Balonne rivers are predicted in 20 years time to exceed tolerance thresholds of 600 in electrical conductivity, and that is known to reduce reproduction in many species and alter food webs. Native fish species including silver perch, Macquarie perch, freshwater catfish and southern pygmy perch have disappeared from many rivers. Seven native species are listed as threatened by the International Union for the Conservation of Nature. Waterbirds that rely on floods for breeding habitats have been lost from many wetlands as water is extracted upstream for irrigation. Native bird numbers have declined by a staggering 80 per cent in the past 25 years.

We need immediate action to address overallocations and provide significant support to help landholders and basin communities to make the transition to sustainable new enterprises. The Greens support immediate action to address overallocation, the creation of an independent water management authority and the immediate purchase of water for the environment. Research by South Australian researcher Carmel Schmidt shows that every hectare of permanent natural wetland in the Murray-Darling Basin generates more than \$7,000 worth of water purification services every year. This research shows the economic value of wetlands as natural filters of our water. It provides another compelling reason why we must work to protect the Murray. The wetlands are dying because they are being deprived of water. They are being disconnected from the river and are in danger of becoming poisoned wastelands.

We need a whole-of-basin plan with hydrological integrity in which all water extraction and use is accounted for. At the moment science tells us that we need 3,500 gigalitres for the Murray to have a good chance of it recovering. Never again will we have a situation of business as usual for the Murray-Darling. We should accept that and begin working towards a sustainable future for the Murray-Darling Basin. Current arrangements for water allocation have failed to secure a fair share of water that could have protected the health of the rivers and supplied the smaller farms, towns and communities. Some degree of global warming is now inevitable. Droughts are likely to become even more intense and frequent if greenhouse gas emissions are not curtailed. The future stress on agricultural and rural water supplies will be more extreme. The New South Wales Government's priorities are wrong.

People and the health of rivers must be put ahead of the profits of agribusinesses. The viability of smaller, low-water intensive farms should not be sacrificed to prop up large irrigators. Crops such as cotton and rice are too water intensive and are unsuited to the dry and arid environment of New South Wales. They should be phased out. The Greens are committed to allocating water to rivers, communities and smaller farms while phasing out unsustainable water uses and addressing dryland salinity and soil acidification. Unfortunately there are no plans in place to adequately deal with this crisis. The water bill introduced by the Federal Government in June was far from adequate to deal with the crisis. The existing State-level catchment management plans continue until 2014

so the Murray plan in effect does not come into force until then. That will be too little, too late.

Inflows have already run dry. Irrigators in most cases have just 16 per cent of their current allocations, which are at an all-time low. We need dramatic change to the way in which we manage the system, and we need it now, not in 2014. The Murray-Darling Basin Authority does not have to produce a plan for two years. There are no targets in place, and that is totally unsatisfactory. Scientists have argued that for a good chance of recovery 3,500 gigalitres are needed for the Murray-Darling river system. Governments collectively have promised 500 gigalitres, but none of that has been returned as yet.

The Australian Conservation Foundation calls for the following principles to be included for an environmentally credible way forward for water management. We need the Murray-Darling Basin Authority to be truly independent, a robust, sustainable diversion limit, protection for internationally and nationally significant wetlands and threatened species, integration of the Darling River Basin into the Water Act, a robust environmental water plan that includes targets and timelines, freedom for environmental water holders from inappropriate limitations, third party rights and public accountability. While the Greens support the bill before the House, we have a long way to go before we rescue the Murray-Darling Basin.

The Hon. RICK COLLESS [5.15 p.m.]: I lead for the Coalition and indicate at the outset that we support the Murray-Darling Basin Amendment Bill 2007. Arrangements for the sharing of water from rivers comprising the Murray-Darling Basin are the subject of an agreement that was entered into on 24 June 1992 between the Commonwealth, New South Wales, Victoria and South Australia. Legislative approval for that agreement was given when Parliament enacted the Murray-Darling Basin Act 1992.

The Commonwealth, New South Wales, Queensland, Victoria, South Australia and the Australian Capital Territory subsequently entered into an agreement that is known as the Murray-Darling Basin Agreement, which was amended in 2006, to facilitate the operation of the Murray-Darling Basin Commission's water business on appropriate commercial principles. The object of this bill is to amend the Murray-Darling Basin Act 1992 to give legislative approval to the Murray-Darling Basin Amending Agreement 2006. As a consequence of that approval, the Murray-Darling Basin Agreement will be amended in accordance with the terms of the Murray-Darling Basin Amending Agreement 2006.

There are problems in the Murray River valley with water, as there are in many other river valleys as a result of the drought and record low inflows into the river systems. Earlier this year I attended the Henty Field Days. I have to say that water management was the topic on everybody's mind at that time. I was approached by many irrigators from the Murray Valley who had horrendous stories about fixed water charge accounts they had received, despite having zero water allocations for the coming irrigation season. They had metering problems and storage assessment problems, and some irrigators were actually purchasing water in advance for use this season, only to be told recently that the water was not available and they would not be reimbursed, and that has exacerbated the problems. This is absolutely outrageous!

Fixed water charges should be waived until at least the farms are once again in production or, better still, they should be abolished until productivity is restored. One irrigator in particular told me that he had a fixed water charge bill for over \$100,000 for the year, despite his zero water allocation. How can a business possibly survive when it is being slugged with government-induced charges that are nothing more than disguised taxation? The current Treasurer is hell-bent on saving a few thousand dollars in the running of Parliament while irrigators are being nailed to the wall because he will simply not relinquish the taxes he is ripping out of the irrigation industry at a time of significantly negative income.

During the estimates process I explored the issue with the Minister for Climate Change, Environment and Water. He deferred to Mr David Harriss, the Deputy Director General of Water Management, who confirmed that bills for fixed water charges would be sent to Murray Irrigation Limited and that Murray Irrigation Limited would then bill the individual irrigators, as shareholders of the corporation. The Minister went on to say that the Premier had stated on many occasions that the Government will stand by its irrigators. If that is standing by your irrigators, then I would hate to see what the Government would do if it had a set on them! This practice makes irrigators and every other business person in regional New South Wales shiver at the prospect of a "Krudd"-led Federal Government. If that is the way the State Labor Government stands by its irrigators, irrigators and business people alike dread a "Krudd"-led Federal Government letting its environment Minister, Peter Garrett, loose on the irrigation industry.

The Deputy Director General pointed out that the department still had to maintain infrastructure during this period of no water—and we all agree with that. But the irrigators have to maintain their infrastructure, they have to meet their financial commitments and put food on the table and clothes on their children's backs. Many irrigators have had a series of seasons with below-average water allocations and below-average incomes but they have largely battled through, albeit on a shoestring. Then along comes Michael Costa, the self-confessed right-wing Treasurer, who professes to be the saviour of all—but at the expense of the people who create the wealth that this nation needs to survive.

The Government must be far more sympathetic to irrigators at this time as the irrigation industry generates billions of dollars of income and puts most of the food on our tables and most of the clothes on our backs. It employs thousands of people, supports hundreds of communities and breathes life into remote centres across New South Wales. We should not walk away from the industry, with the flick of a wrist and the one-liner that we have to meet our infrastructure costs. Despite current problems in the Murray-Darling Basin the Opposition will not oppose the bill as it is largely an administrative measure that makes the necessary changes in New South Wales legislation to legitimise the changes to the Murray-Darling Basin Agreement. But I would like to think the Government will be far more sympathetic to irrigators when they are hurting. They simply cannot afford to pay exorbitant water charges next season, when they will have no income from their irrigation activities.

The Hon. TONY CATANZARITI [5.21 p.m.]: The Murray-Darling Basin Amendment Bill was introduced to enable improved business practices for River Murray Water, the water business unit of the Murray-Darling Basin Commission, by amending the Murray-Darling Basin Agreement 1992. This agreement is the legal framework that was set up to provide for the effective management of natural resources, assets and financial disbursements between the Australian Government and the governments of New South Wales, Victoria, South Australia, Queensland and the Australian Capital Territory. In July last year the Council of Australian Governments agreed to amend the agreement with a view to improving the business practices of River Murray Water. The bill will give effect to that decision in our State.

The bill facilitates improved business practices for the commission's water business, which is River Murray Water; clarity in the original agreement in the matter of limiting Queensland's liabilities; and the attachment of supplementary details. It also makes a minor typographical correction to schedule C of the agreement—the basin salinity management schedule. The bill will not affect the level of funding that governments allocate to the Murray-Darling Basin Commission under existing arrangements. The Murray-Darling Basin initiative covers an area of more than one million square kilometres and is the largest integrated catchment management program in the world. It is important that the Murray-Darling Basin continues to be managed in a sustainable manner for future generations.

Last night in another place the Murray-Darling Basin Commission came under criticism from The Nationals' Adrian Piccoli. While it is well and good for the member for Murrumbidgee to dish out criticism in the House, I would like to know what, if anything, he has done to raise those concerns with his Federal colleagues. As shadow Minister for Water he needs to show more responsibility and leadership. The Howard Federal Government—his Federal Coalition colleagues—is a party to the Murray-Darling Basin Agreement too. As I have said, the Murray-Darling Basin covers a massive one million square kilometres, and neither the ministerial council nor the commission has an easy task when it comes to managing effectively the resources of the basin, particularly during this drought.

The bill is important in that it allows the Murray-Darling Basin Commission to improve its business practices and achieves, amongst other things, a longer-term funding arrangement for River Murray Water. It will improve the effectiveness of water management by providing for major renewal and maintenance of infrastructure assets, and it will allow the Murray-Darling Basin Commission to undertake borrowings for major upgrades and maintenance work. It is a pity that the member for Murrumbidgee misses this point. The drought has had an enormous effect on the communities of the Murray-Darling Basin, and we all hope that it will end very soon. A number of programs and projects exist to assist rural and regional New South Wales and to bring about water savings. One such project is the \$54 million Greater Darling Anabranche Scheme.

The scheme is a major New South Wales initiative and is listed on the Eligible Measures Register as part of New South Wales package B under the Living Murray Business Plan. The scheme—the first major infrastructure project in the Murray Basin to provide significant water savings, improved water supply to landholders and enhanced environmental outcomes—aims to return some 460 kilometres of degraded watercourse to a more natural ephemeral system. This is coupled with water savings of about 47 gigalitres a year. These savings will be achieved through the construction of a pipeline to supply 41 landholders along a 300-kilometre stretch of the anabranche with a more secure stock and domestic water supply, the removal of in-stream structures from within the anabranche, and the management of flows from Lake Cawndilla to mimic a more natural flow regime. Lake Cawndilla is one of the major lakes that form part of the Menindee Lakes.

The official launch of the construction of the \$28 million stock and domestic water pipeline took place in June last year and was attended by the Hon. Ian Macdonald and the former member for Murray-Darling, Peter Black, who was a great champion of the project. The pipeline was commissioned early to assist local landholders to better deal with the drought. The \$54 million Darling anabranche project is 80 per cent complete and is a testament to the ongoing partnership between the New South Wales Government and local landholders. Another great water-saving project in the Murray-Darling Basin is the Barren Box Swamp project. Worth more than \$28 million, the project will produce up to 20 gigalitres in water savings each year for the Snowy River system. The 3,200-hectare Barren Box Swamp site is located approximately 30 kilometres north-west of Griffith and is the main irrigation and urban drainage water recycling plant in the Murrumbidgee Irrigation Area.

The project's aims include improving the management and efficiency of water storage, improving the reliability and quality of supply to the Wah Wah Irrigation District, and restoring a more natural flooding regime, thereby

encouraging an ecologically sustainable and diverse wetland and respecting, preserving and enhancing sites of indigenous significance. The project has been well recognised nationally and is a credit to all involved. New South Wales has been leading the water reform agenda at a national level for sometime, and it is a shame that the Greens fail to acknowledge projects such as this. In 1997 the New South Wales Government announced a comprehensive statewide overhaul of water management that aimed to improve the health of our rivers and groundwater and deliver greater security for all water users and regional communities. I commend the bill to the House.

Reverend the Hon. FRED NILE [5.29 p.m.]: The Christian Democratic Party supports the Murray-Darling Basin Amendment Bill. This bill will amend the Murray-Darling Basin Agreement 1992 to enable improved business practices by River Murray Water, which is the water business unit of the Murray-Darling Basin Commission. The Murray-Darling Basin Agreement 1992 was an agreement between the Australian Government and the governments of New South Wales, Victoria, South Australia, Queensland and the Australian Capital Territory. The purpose of the agreement is to provide and coordinate effective planning and management for the equitable, efficient and sustainable use of the water, land and other environmental resources of the Murray-Darling Basin. Effectively the agreement establishes the legal framework for natural resource management, water distribution, asset management and financial disbursements between jurisdictions of the Murray-Darling Basin initiative.

The agreement was amended, through this legislation, on 14 July 2006. It is historic that the bill includes sections of the agreement, which appear on pages 15 and 16, and contains the signatures of the Hon. John Howard, the Prime Minister of Australia; Morris Iemma, the Premier of New South Wales; Steve Bracks, the Premier of Victoria; Peter Beattie, the Premier of Queensland; Mike Rann, the Premier of South Australia; and Mr Stanhope, the Chief Minister of the Australian Capital Territory. It is important that the States have been able to work together in harmony to maintain and keep operating this agreement, which is very important.

The Minister in the other place, Mr Philip Koperberg, said that there was some concern about the liability of Queensland, which has been clarified in this legislation. The terms of the present agreement did not specifically ensure that Queensland could not be held liable for damages. This bill removes that possibility in the agreement. It makes quite clear that there is no widening of Queensland's liability in regard to the water situation. Many of us have been to country areas and looked at the Darling River. A recent photograph in the media showed where the Darling River has become a trickle. The photograph shows a young girl with one foot on one side of the Darling River and one foot on the other side that is, she was able to stand astride the small trickle of water that is the Darling River. The drought is having a horrific effect on the water flow through the Darling. I am sure many members have taken the opportunity to fly over the Darling River. As one flies over the river one sees not water, just the outline of the river course with the coloured sand snaking its way through the countryside.

We support the legislation. Recently the Standing Committee on State Development visited a number of country centres, including Cootamundra and Leeton. We were reminded of the struggles farmers are having with the drought and the reduction in water allocations. One farmer has written to me indicating that he voluntarily cut his water by 75 per cent and he was then told that his water had been cut by 83 per cent, which means that he is no longer viable. The lack of water is very serious: we cannot make water—it comes from the heavens. However, we can care for the water that we have in a very efficient and sustainable way. That is the purpose of this bill. We hope that it will achieve its purpose.

The Hon. MATTHEW MASON-COX [5.33 p.m.]: The object of the Murray-Darling Basin Amendment Bill 2007 is to facilitate the operation of the Murray-Darling Basin Commission's water business on appropriate commercial principles by amending the Murray-Darling Basin Act 1992. In that regard, this bill is very much a machinery bill giving effect to a previous agreement of the respective Governments. In that regard, it is not particularly colourful or enlightening, apart from those aspects. I shall talk about the management of water in this State by the New South Wales Government. In particular, I refer to a couple of issues that are very difficult for people who live in rural New South Wales. The first issue is fixed water charges, which are the bane of a lot of irrigators in rural New South Wales. In the last year and in this coming year many irrigators will have a zero allocation due to reduced flows as a result of ongoing drought conditions.

Most of us know how difficult the drought has been for many businesses, for many irrigators, for many families and for many towns that rely on the economic benefits that flow from irrigation. However, this Government does not know. This Government fails to acknowledge that there are real problems in rural New South Wales in the irrigation districts. This Government fails to acknowledge that there is something inherently unfair in a fixed water charge to irrigators for water they do not receive. Nowhere else would that be acceptable. Nowhere else would fixed water charges of up to and beyond \$100,000 be allowed to be applied to businesses that receive absolutely nothing. That is the tragedy that this Government fails to acknowledge and fails to redress.

Recently I met an irrigator who owns a property near Griffith. In a similar vein to the story told by the Hon. Rick Colless, the irrigator mentioned to me that his fixed water charges are more than \$100,000 per year, and he has to pay them. He has no recourse in that regard. He receives absolutely zero water. Quite simply, if you have no water you have no crop and you have no income. Let me spell that out again so that Government members understand: no water, no crop, no income—yet you still pay \$100,000-plus in fixed water charges. That is just

beyond comprehension.

I call on the New South Wales Government to take some action in this area. It should either waive fixed water charges or seek to alleviate the problem in some other way. I refer it to what the Victorian Government has done, which is certainly a step in the right direction. However, I encourage the Government to take further steps to alleviate the pain that many irrigation businesses are feeling and the flow-on effects from that to the families of irrigators, the other businesses that rely on irrigation businesses, and the communities that they support. It is high time action was taken.

I reflect on a comment made by the Hon. Tony Catanzariti in relation to New South Wales being at the forefront of water reform and water management in Australia. I put a couple of things on the record in that regard. The Menindee Lakes, where the New South Wales Government spent \$50 million to save nine gigalitres of water in the Darling anabranch, was a really good initiative in the first instance. However, if the New South Wales Government had spent \$50 million on a new regulator for the Menindee Lakes it would have saved at least 200 gigalitres, which would have had four times the impact it otherwise had. As the Hon. Rick Colless mentioned earlier, when there is flooding in those lakes 400 gigalitres or more could be saved. Those sorts of savings are material in that part of the world. I encourage the New South Government to think carefully about where it can make the most impact when spending of money on much-needed water infrastructure.

The Hon. Rick Colless: In relation to the river they should do the work.

The Hon. MATTHEW MASON-COX: That is right. There are many things that this Government should do. I cannot but look back with bemusement to just prior to the New South Wales election. In January 2007 the Federal Government announced a new initiative in relation to the problem of water in the Murray-Darling River Basin.

The Hon. Duncan Gay: If Peter Black was that good he would still be the member, but he is not.

The Hon. MATTHEW MASON-COX: That is right, and I will detail some of those considerations shortly. Before I do, I bring to the attention of the House the importance of the Murray-Darling Basin and its economic importance to this State and, indeed, to this nation. As other speakers have noted, the Murray-Darling Basin covers more than one million square kilometres, equivalent to 40 per cent of Australia's total area. The basin extends over three-quarters of New South Wales, more than half of Victoria, significant portions of Queensland and South Australia, and it includes the whole of the Australian Capital Territory. Well over half of the basin is in New South Wales and almost a quarter is in Queensland. The basin includes nearly one million hectares of irrigator crops and pastures, accounting for 75 per cent of the total irrigated crops and pastures in Australia. The basin is Australia's most important agricultural region, accounting for more than 34 per cent of the nation's gross value of agricultural production, based on 2003 figures.

It is worth reflecting on the history underpinning the Murray-Darling Basin Commission. An important history it is, too. In that context one can understand the development of the Murray-Darling Basin Commission and, indeed, the future for this important commission and what might be important news for the New South Wales Government in terms of the national water initiative. In 1915 the New South Wales, Victoria and South Australian governments signed the River Murray Waters Agreement and established the River Murray Commission, which later became the Murray-Darling Basin Commission. The governance model required the agreement of all basin jurisdictions before the commission could do anything. Thus the core arrangements for decision making about the basin's water management have remained largely unchanged to this day. In the 1920s 2,000 gigalitres were extracted from the basin each year. Annual water use now often exceeds 10,000 gigalitres—a fivefold increase in water use—yet we still have the same arrangements in place for the management of the basin.

While this increase in water has underpinned massive agricultural development in the basin, it has also been the cause of a marked decline in the basin's environmental health. In 2001 an assessment for the Murray-Darling Basin Commission found that more than 95 per cent of the river length examined was in degraded environmental condition. There has been a reduction in the area's healthy wetland, and I acknowledge the comments made by Mr Ian Cohen in that regard. Native fish numbers have declined, salinity levels have risen and algal blooms have increased in frequency. Put simply, with more water being extracted, there is less water to flow through the system to balance the basin's natural balance in its ecosystems.

There is increasing evidence that the water resources of a number of catchments and aquifers within the Murray-Darling Basin are seriously overallocated and overused. I think all scientific bases acknowledge that fact. Exacerbating this problem is the realisation that water flow into the basin is declining. The CSIRO estimated that by 2020 average annual flows could decline by about 15 per cent due to climate change, recovery from bushfire, increased groundwater use and expansion of farm dams and forest plantations. These changes to water availability are eroding the security of water entitlements, making it harder for irrigators to earn a reliable income. The volume of water extraction in the basin today, combined with record low inflows and the threat of climate change, was not envisaged at the time the River Murray Waters Agreement was signed back in 1915.

The lowest common denominator governance model established almost a century ago continues to apply and

cannot, in my opinion, address today's problem in the basin. In my view reform is needed to ensure a governance model that is responsive to the current and future challenges facing water management in the basin. Reform is needed to ensure the viability of the basin's water-dependent industries, to ensure healthy and vibrant communities and to ensure the sustainability of the basin's natural environment. This is why, on 25 January 2007, the Commonwealth decided that it was high time to intervene with its visionary national plan for water security. This plan highlighted the following shortcomings of the current Murray-Darling Basin Commission, which often reflected parochial interests rather than the national interest.

There was a failure to align water management with the national water initiative in the areas of water trading, overallocation and pricing, despite continued and often heated exchanges. This lack of basin-wide information has led to inefficiencies in management and decision making. For example, the simplest thing, a basin-wide register of water entitlements and integrated water data systems, has not been developed. Twelve years after introducing a cap on water use, Queensland and the Australian Capital Territory ignore it, and New South Wales is regularly in breach. Indeed, the Australian Capital Territory simply looks after its own interests first and passes down whatever water it does not use without considering the overall impact on users downstream.

The Murray-Darling Basin Commission has known for several years that the cap on diversions needs to be reduced and the need to include groundwater to be effective, but this has not been achieved. Despite years of acknowledging that this was a problem, groundwater is still outside the cap. Activities in one State or Territory that cause problems in another can still take place without sanction, leading to the redistribution of economic and environmental wealth without an overarching management framework. We have certainly seen all the issues in relation to the Cubbie Station in Queensland and the impact that has downstream, and the frustration of downstream users of water, not to mention some of the users of water downstream from the Australian Capital Territory. Indeed, the Australian Capital Territory is now putting its fingers in pies where it should not be putting its fingers, such as the Murrumbidgee River and taking water out of there for its own users. It has no interest at all in the downstream impact of that activity.

It is in the national interest to secure the long-term economic and social returns to the Australian community afforded by sustainable access to the basin's water resources. This can be achieved only through significant investments in water-saving infrastructure, new investments in water resource monitoring and water use metering, addressing the overallocation problem by entitlement purchases and structural adjustment, and reforming the decision-making processes in the basin. It is critical that all these strategies are implemented together on a cumulative basis, and that is what the national water plan introduced by the Commonwealth Government seeks to address.

The Commonwealth Government has requested the referral of State and Territory powers to enable it to manage the Murray-Darling Basin in the national interest. It has put its commitment on the table, along with \$10 billion. It has sought the agreement of the New South Wales, Victoria, Queensland, South Australia and Australian Capital Territory governments to transfer their powers in relation to the Murray-Darling Basin Commission to enable it to oversee water management. Victoria still refuses to agree. Prior to the State election in March the New South Wales Government jumped on the bandwagon, saying it was a wonderful idea. However, in the past few months it has been backsliding at an alarming rate. We still do not know whether New South Wales will finally agree with this important national approach. We certainly know where Victoria stands at this time.

I call upon the New South Wales Government to make its position crystal clear in regard to the national water plan and the Commonwealth Water Act 2007. I call on the Victorian Government to reverse its decision and to look to the national interest and become part of the process, rather than an outside player. Our future is uncertain in relation to the Murray-Darling Basin and the Murray-Darling Basin management of water. We await the outcome of the Federal election, which is uncertain. However, we have the consolation of knowing that "me, too, Kevin", "Kevin07", "747, I'm in union heaven" has agreed to the Commonwealth Government's national water initiative. If we take him at his word, Kevin 747 flying to heaven in a union jet—

The PRESIDENT: Order! The Hon. Rick Colless will cease interjecting.

The Hon. MATTHEW MASON-COX: —will give voice and action to the Commonwealth plan in relation to the Water Act 2007. I trust that that will be the case and that if Kevin07 comes to power he will not use the Garrett exemption and change his plans. Garrett's plan is that once Labor gets into government it will simply change everything and no-one will really care about the outcome. Kevin07 and Peter Garrett have committed to this important national initiative. Should they come to power in the forthcoming Federal election—that is unlikely—we hope that they will continue in the same vein and in the same visionary way that the Howard-Costello-Vaile Government has brought this important issue to the fore.

I will make a few comments in relation to the Commonwealth Water Act 2007. The Act establishes a new Murray-Darling Basin Authority, which means this bill and the existing Murray-Darling Basin Commission will become redundant or be taken into the new Murray-Darling Basin Authority. The core function of the authority would be to operate the river systems and aquifers of the basin, a challenging but important role. The authority will be very much welcomed in that it will be controlled by a set of commissioners in a similar vein but the enabling legislation

will be the jurisdiction of the Commonwealth Government rather than a bipartisan or State-based process in which we have to make any changes by way of bills similar to the one we are debating.

This is a brave new world of water regulation in Australia. If we can rely on Kevin Rudd and his me-too policy we are assured, irrespective of the outcome of the forthcoming Federal election, that this brave new world will come to fruition. It is time to move on from the entrenched parochial interest towards a nationally consistent approach to water resource management. It is only through a national approach that we can generate better environmental outcomes and greater certainty for rural communities, and ensure that we have better management of our most precious resource.

The Hon. TONY KELLY (Minister for Lands, Minister for Rural Affairs, Minister for Regional Development, and Vice-President of the Executive Council) [5.51 p.m.], in reply: I had intended to say not too much in reply. However, after that long speech by—

The Hon. Duncan Gay: Point of clarification: During this session, the Minister for Rural Affairs, when asked a question on standing water charges, indicated that he was not eligible to answer that question because he had a pecuniary interest. He said that he owned licences. I felt at that time that his ownership of licences was part of the general area, but you, Mr President, upheld his assertion that he would not answer the question; and he did not answer the question. Mr President, to be consistent, if the Minister was unable to answer a question on water charges, he would be unable to speak to the bill. Frankly, I felt that he was part of the general class and should have been able to answer that question, which properly would make him eligible to speak on this bill. I am acting on the precedent set by the Minister in this Chamber when asked an important question by my colleague the Hon. Rick Colless about fixed water charges and which he did not answer. I seek clarification on the eligibility of the Minister to speak to this bill.

The Hon. TONY KELLY: To the point of order: The comments of the Deputy Leader of the Opposition are correct, but I did take his advice and I now agree that he was entirely correct. Mr President, you did not make a ruling; I just did not answer the question at the time. I was about to answer the question, and will do so when you have made your ruling.

The PRESIDENT: Order! The Deputy Leader of the Opposition has sought clarification on an important matter. The Minister has indicated that he is able to clarify a matter asked of him on a previous occasion, and he is about to do so. However, I draw the attention of all members to Standing Order 113 (2), which states:

A member may not vote in any division on a question in which the member has a direct pecuniary interest, unless it is in common with the general public or it is on a matter of state policy.

The Hon. TONY KELLY: As I was saying, I had not intended to say much, except that when the Hon. Matthew Mason-Cox alluded to the point that the Deputy Leader of the Opposition had spoken about earlier, I decided to clarify the situation between Victoria and New South Wales. The commitment of the New South Wales Government for drought support measures stands at \$350 million since July 2002.

The Hon. Duncan Gay: You still have not fixed up standing water charges.

The Hon. TONY KELLY: That is what I am about to address. Unlike in New South Wales, I am advised that in Victoria irrigators are usually charged 100 per cent for entitlement, whether they actually receive the water or not. Under the Victorian rebate proposal, rural water users receiving less than 40 per cent allocation of their normal entitlement as at 1 December 2007 will be eligible for a rebate of up to \$1,000 on their fixed water charges with a 50 per cent rebate on any balance above \$1,000. The Deputy Leader of the Opposition fails to realise that the rebate applies only to fixed water charges, which, in Victoria, are payable per megalitre of entitlement, irrespective of the volume actually delivered.

In other words, they are charged differently in Victoria and New South Wales. Conversely, New South Wales maintains a two-tier system with a fixed and variable component. In other words, if the irrigator does not get any water delivered he does not pay for it, but he still pays for the fixed component. The fixed component helps to cover the cost of maintaining infrastructure. The variable component is based on how much water is actually used. If no water is used, there is no usage charge, generally speaking.

If a small quantity of water is used, there is only a small charge, and so on. Given that, it is just plain wrong to suggest that irrigators in New South Wales are expected to pay for something that they are not getting; they are actually paying for the infrastructure. In addition, the New South Wales Government will allow a year for payment of the 2005-06 water bills and up to an additional three years in circumstances where there is difficulty paying within that time frame. I commend the bill to the House.

Question—That this bill be now read a second time—put and resolved in the affirmative.

Motion agreed to.

Bill read a second time.

Leave granted to proceed to the third reading of the bill forthwith.

Third Reading

Motion by the Hon. Tony Kelly agreed to:

That this bill be now read a third time.

Bill read a third time and returned to the Legislative Assembly without amendment.

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