

Murrumbidgee Valley Water Forum

MDBA Draft Basin Plan - Frequently Asked Questions (FAQs)

21 April 2010

Q. **What is the Murray-Darling Basin Plan about?**

A. The purpose of the Basin Plan is to address what has been seen by successive Federal Governments as the degradation of the environment and ecosystems over time. The plan is intended to provide for the integrated management of the Basin's water resources. The key requirement within the Plan is to set aside more water for the environment and this will be done by establishing enforceable limits on the amount of surface and ground water that can be diverted /extracted for use by towns, agriculture and industry.

Q. **Who is developing the Plan?**

A. The Plan is being developed by the Murray Darling Basin Authority (MDBA). The Authority is a Commonwealth statutory body based in Canberra.

Q. **Who has set the guidelines for the plan?**

A. The Water Act 2007 sets the guidelines for the plan and is heavily weighted to environmental outcomes. The Act was passed by both political parties and provides for an increased share of water for environmental requirements.

Q. **When will the Plan be released and when will it take effect?**

A. A draft plan will be released in mid 2010 after which there is to be a period of at least 16 weeks within which its contents can be the subject of extensive discussions with the community and interested parties. After this period of consultation, the MDBA will continue to refine the Plan. The Final Plan is due to be released in 2011. For the Murrumbidgee Valley, the Plan will take effect from the release of the new Murrumbidgee Valley Water Sharing Plan due in 2014.

Q. **What are the key elements of the Plan?**

A.

- The inclusion of **18 Key Indicator Environmental Assets (KEAs)**. These are the assets around which the Environmental Water Plan within the Basin Plan is being developed. There are two such sites in the Murrumbidgee - the Mid-Murrumbidgee Wetlands and the lower Murrumbidgee floodplain.
- New **Sustainable Diversion Limits (SDLs)** will be set for surface and groundwater, that is, new 'cap' on water extraction. These are designed to meet the environmental water needs of the Murrumbidgee catchment and assets downstream.
- Provisions for "**risk assignment**" which is a term that you and I would better understand as being whether "compensation" is payable or not in the event water entitlements or reliability of supply are reduced.

Q. **How have the SDLs been determined and how much water for irrigated agriculture is likely to be lost from our area?**

A.

- The MDBA is drawing on scientific analysis undertaken by the CSIRO; data provided by State-based water management agencies; computer-based water modelling and its in-house experts to arrive at the SDLs. SDLs will be set on a catchment-by-catchment basis. Where there is good data and water models are well developed, the MDBA will be able to exercise a little more risk in its setting of the SDLs.
- Where the data and or water models are less complete/less developed, the Authority will exercise less risk, that is, they will exercise more caution, in favour of the environment.

- The SDLs will be announced in the draft Plan. It's not known yet how much water for irrigated agricultural practices will be lost - we cannot even guess at an estimate. It's likely they will be set as a quantity of water per year (on a "long-term average" basis).

Q. Who will lose water; High Security or General Security users?

A. The MDBA will determine the SDLs but the matter of who will bear the burden of returning water to the environment will be determined by State authorities (in NSW, by the Office of Water - NOW). The specific arrangements necessary to return water to the environment within each state will be spelled-out in each of the Basin State's Water Sharing Plans (or water resource plans as they are referred to by the MDBA). The reality is that any loss of water from productive purposes, irrespective of whether it be from High or General Security users will have an economic impact on the region from which it is lost. Depending on the amount lost, it will likely also have a social impact.

Q. Will those who lose water be compensated?

A. There is a provision in the Commonwealth Water Act (2007) that will allow for compensation but how this will be implemented remains unclear. In essence, if the loss of water is considered to be a consequence of climate change, then it is non-compensable. If the loss however is considered to be a consequence of new scientific understanding of the needs of the environment i.e. there's "new knowledge" or the Commonwealth introduces "new policy" or amends existing policy, there can be compensation. This is known as "risk assignment" as defined in the National Water Initiative agreement.

Q. Will anything be done to offset the loss of water from our communities?

A. This is a more complex question than it would seem because the Government is indicating that it is doing a number of things to off-set the loss of water. For example:

- It has made a commitment that any water sold to it under the buyback arrangement or in return for modernisation funds in a given catchment will be taken into account when the SDLs are set for that catchment. This means that any gap between the existing extraction limits (the Cap) and new extraction limits (SDL) will be reduced to the extent the Commonwealth has purchased water in that catchment.
- It is making money available to Local Government to strengthen local communities and help them adjust to a future with less water.
- It has provided exit funding for irrigators and farmers who wanted to leave the industry.

The MDBA has provided assurances that the potential social and economic impacts of SDLs will be examined in detail before the final SDLs are determined. If the potential impacts are considered to be too great, then the proposed SDLs can be adjusted but only in a way that does not put environmental outcomes at risk. The reality is though, that until we know what the SDLs will be, we can't make any meaningful judgments as to the amount of 'hurt' we individually and collectively will be required to bear. One important fact though is that while the Basin Plan will come into effect, any reduction in water available for irrigation/farming won't take effect in NSW until the expiry of the existing water sharing plans in 2014.

Q. Is the Basin Plan a Labor or Coalition initiative?

A. The legislation that resulted in the development of the Basin Plan was introduced when the Coalition was in office but it was and remains endorsed by all parties. The *Water Act 2007* has been passed twice by both Houses of Parliament (it was amended in 2008).

Q. Is the Commonwealth taking full control of water?

A. The Federal Government is currently moving to take control of functions that have been controlled by States, with health being the most recent example. Whether or not this is a good or bad thing very much depends on the detail associated with each proposal; the capacity of the Federal Government to deliver

an improved outcome; and what value you place on the 'checks and balances' that are provided by our Federal system with its three levels of government (Federal, State and Local).

The current Federal Government has indicated that catchment management water sharing plans and annual water allocations will remain a State Government responsibility. However, if elected, the Liberal party has indicated the possibility of a referendum to change this in the event that the States don't honour their commitment to water reform, including the Basin Plan.

Both the NSW irrigators' Council and the National Irrigators' Council are on the record as opposing a Commonwealth take-over of water management on the grounds that:

- The devil is always in the detail and there's been no detail provided by the Liberal party in relation to their referendum initiative.
- The Commonwealth lacks both the expertise and industry experience necessary to manage what are very complex water-related responsibilities.
- The further the level of government is from those who are impacted by the decisions the Government might take; the greater the level of impact is likely to be.

Q. Can the entire Act/Plan be overturned?

A. There is little likelihood of the Water Act being repealed or of the development of the Basin Plan being abandoned and some would argue that this may expose us to even greater risk. That said, there is little doubt that the balance between environmental, social and economic outcomes mentioned as an objective in the Act, does not appear in the detail of the Act, which is focused on the environment only.

Q. What have industry groups been doing about this?

A. As individual organisations and as a collective through our peak representative bodies –National Irrigators' Council (NIC) and NSW Irrigators' Council (NSWIC) we have:-

- Held governments to account on all decisions of interest to irrigators;
- lobbied Commonwealth, State and Local (including Opposition) Governments, scientific and environmental groups in seeking to improve the position of irrigators;
- responded to all government (including MDBA) papers voicing our concerns and providing our position on each paper;
- raised concerns in the media (national, state (NSW and VIC) and local);
- raised awareness amongst irrigators and communities;
- sought funding for infrastructure modernisation and strengthening local communities.

Q. What can you do to voice your concerns?

A. You have already taken a significant step by attending this forum; the more you know about the background to the Basin Plan and the key issues under consideration, the better placed you will be to comment on the draft when it is released.

Some of the key messages we have been making to-date that you may wish to draw upon in any representations you might wish to make to your Local, State and Federal Government representatives, have been:

- This is a monumental decision resting in the hands of the Authority and the Minister. It will redistribute wealth and affect water property rights and as such, ALL elements of this decision deserve equal weighting – environmental, social and economic;
- There should be no uncompensated loss of water from our region;
- For many parts of the Basin there will be a human cost to setting SDLs. How can we be assured these costs are taken into account and steps taken to offset them?
- Climate change may pose significant risk to mankind, but feeding the world's burgeoning population/food security presents a challenge of at least equal proportion

Additional points:

- The MDBA has gone to considerable lengths to assure us that they will take into proper account the potential social and economic impacts of any reduction in water available for irrigation/agriculture when setting SDLs. The Government has assured us that it does want to see a continuation of irrigated agriculture throughout the Basin and sustainable rural communities. This demands that a proper balance be struck between the environment and consumptive users when the Plan is finalised. Anything less will render the Government's and MDBA's assurances in this regard hollow indeed.
- The future of irrigated agriculture and many communities throughout the MDBA are inextricably linked. If there is to be less water for irrigation, and notwithstanding improvements that can be bought about by further modernisation, it is inevitable that some communities will be worse off. Proper socio-economic planning can mitigate some of the related impacts and it will be important for the Government to facilitate such planning.
- If a water entitlement holder finds their entitlement or access to water diminished under the Basin Plan, they should be fully compensated.
- Finally, we encourage you, during what may be some difficult times ahead, to look to your own health and to that of those around you. Our best chance of weathering the storm that may lie ahead is to stay 'connected' and work collectively to convince decision makers of the value of our contribution to the national good and of our determination to continue to do what we do well.

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This FAQ information sheet will be updated after tonight's forum to include additional questions/issues raised and will be posted on the websites of the above organisations or available from their offices.