National Farmers' FEDERATION

29 October 2012

Senator Cameron
Chair
Senate Standing Committee on
Environment and Communication – Legislation
Via email: ec.sen@aph.gov.au

Dear Senator

Inquiry into the Water Amendment (Long-term Average Sustainable Diversion Limit Adjustment) Bill 2012

The National Farmers' Federation (NFF) welcomes the opportunity to make a submission on the above Inquiry.

The NFF notes that this Inquiry seeks the views of stakeholders on the proposed amendment to the Water Act 2007 that will incorporate a mechanism to adjust the long-term average sustainable diversion limit (SDL adjustment mechanism).

The NFF notes that the current construct of the SDL contained in the proposed Basin Plan is essentially a formula and providing the formula remains unchanged, the Murray-Darling Basin Authority has the existing powers to change the SDL. By introducing this Bill, it is the Government's intent to provide an added level of transparency about the powers of the Murray-Darling Basin Authority (MDBA) to change the SDL.

The NFF is broadly supportive of the concept of the SDL adjustment mechanism. In fact, the NFF called for the MDBA to deliver a solution to a technicality with the proposed Basin Plan and the Water Act 2007 in that the only water that can be counted towards offsetting the SDL was water acquired from irrigators. No previous or future investment by governments in system infrastructure, the range of environmental works and measures, and river operations rules and management, could be counted as offsetting the final SDL.

The SDL adjustment mechanism recognises and seeks to resolve this technicality. The other option that could have been considered was an amendment to the provision of the Basin Plan contained in the Water Act 2007 to deliver the policy outcome supported by Government. However, neither the Government nor the Opposition were inclined to open the Act up to amendment.

The major concern that the NFF has is that stakeholders, including NFF's Members' have an intrinsic lack of trust in the MDBA. Regional communities feel

disenfranchised. Moreover, when an analysis of the stakeholder consultation on the Basin Plan[1] is considered, there are no substantive amendments arising from stakeholder's submission – the only amendments considered by the MDBA were those relating to improved transparency, clarity, consistency, or other minor matters such as the inclusion of definitions. Therefore, it is the view of many agricultural stakeholders that the MDBA is incapable of listening and hearing community concerns and incorporating these into subsequent iterations.

Consequently, the NFF supports that the Minister or the MDB Ministerial Council retains oversight powers over the SDL adjustment mechanism. The NFF also supports that as much of the detail and criteria for the SDL adjustment mechanism be contained within the Basin Plan, thereby minimising any potential for deleterious outcomes to the Basin's social, economic and environmental assets.

As one option to assist providing transparency, the NFF supports the inclusion of an amendment to the Bill that would stipulate a stakeholder consultation process reporting directly to the Ministerial Council prior to the SDL adjustment mechanism being "run". This support is contingent on the Ministerial Council directing the MDBA on matters raised as part of the consultation process.

The NFF understands that the Government is working towards material that would assist in explaining the operation of the SDL adjustment mechanism, including that projects would be through substantive due diligence processes before being considered and that the Basin Officials Committee will be responsible for calling for the mechanism to be run. NFF understands that the role of the MDBA in running the SDL adjustment mechanism is in reality to run the Basin Plan model that will determine the final SDL in relation to that contained in the proposed Basin Plan 2750 GL (i.e. the benchmark model run).

Moreover, the NFF has sought the ability to consider the Bill alongside the amended proposed Basin Plan and the draft Intergovernmental Agreement. All three documents are critical to being able to assess the proposed amendment to the Water Act 2007.

Yours sincerely

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Chief Executive Officer

[1] MDBA 2012, *Proposed Basin Plan Consultation Report Appendix B*