

**The Murray Darling Basin Plan**

April 2012

This occasional paper provides an overview of the process of developing the Murray Darling Basin Plan.

On 28 November 2011, the Murray Darling Basin Authority (MDBA) released proposed Murray Darling Basin Plan. The proposed Basin Plan (also known as the draft Basin Plan) follows the release of the Guide to the Proposed Murray Darling Basin Plan in October 2010, and is a draft for the final Basin Plan due for release later this year.

Following the release of the proposed Basin Plan, a 20 week consultation period was held, which ended on Monday 16 April 2012. During this period, the MDBA received more than 10,000 submissions from Governments, communities, peak bodies, industry organisations and individuals.

Through their submissions, many of the basin state and territory governments have criticised the proposed Basin Plan, however on different grounds. For example while the South Australian Government maintains that the target for water recovery as stated in the proposed Basin Plan, 2750 GL per year (GL/y), is too low, both the New South Wales and Victorian Government argue that the target is too high.

**Contents**

The Basin Plan – Development Timetable.....	2
Background.....	3
Water Act 2007.....	4
Guide to the Proposed Murray Darling Basin Plan.....	5
The Proposed Murray Darling Basin Plan.....	5
Responses to the Proposed Basin Plan from the Basin States and Territories: .....	6
Australian Capital Territory.....	6
New South Wales.....	6
Queensland .....	7
South Australia.....	7
Victoria .....	7
Next Steps.....	8

## The Basin Plan Development Timetable

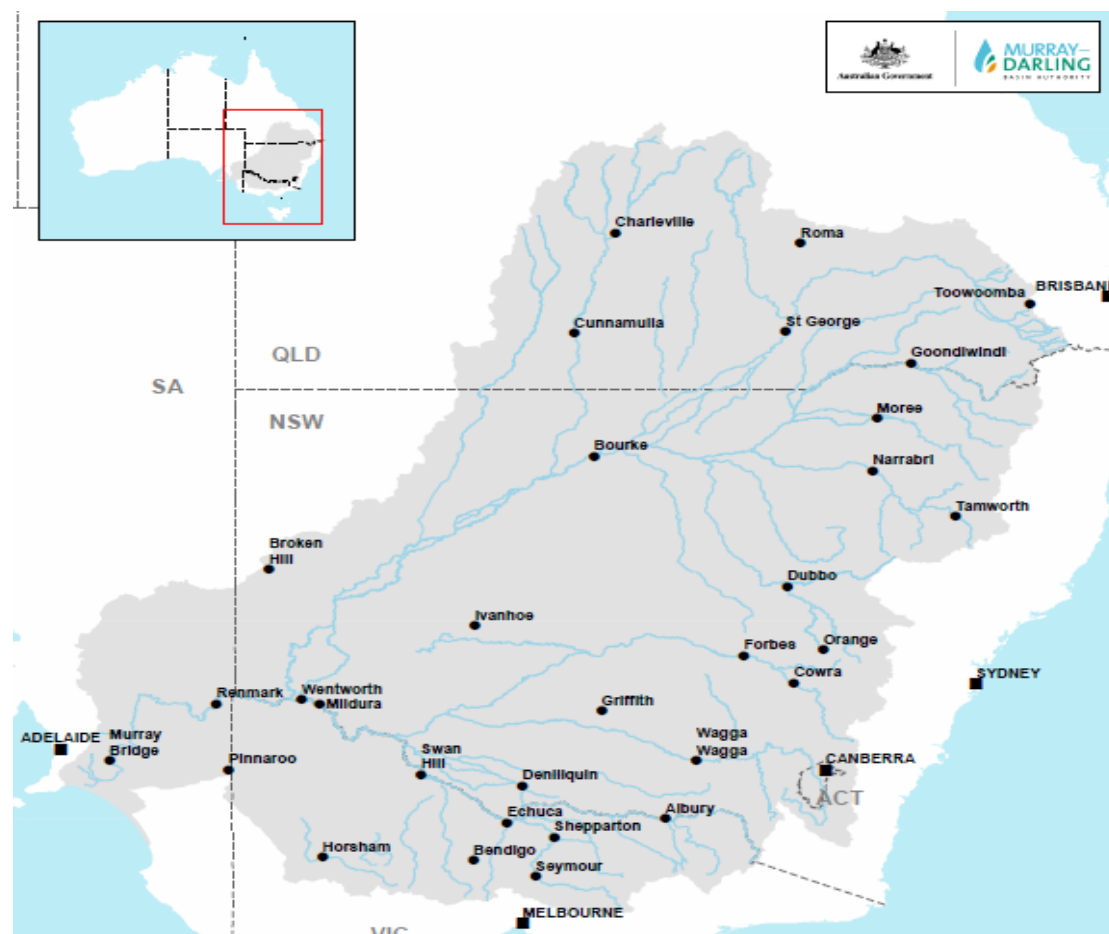
August 2007	<i>The Water Bill 2007</i> is passed through the House of Representatives and Senate, establishing the Murray Darling Basin Authority and mandating the development of the Basin Plan
March 2008	Commencement of the <i>Water Act 2007</i>
December 2008	<i>Water Amendment 2008</i> amends the <i>Water Act 2007</i> following the referral of powers from the Basin States
December 2008	Murray Darling Basin Authority assumes responsibility for all of the functions of the former Murray Darling Basin Commission
October 2010	<i>The Guide to the Proposed Murray Darling Basin Plan</i> is released
November 2011	<i>The Proposed Murray Darling Basin Plan</i> is released
April 2012	Public consultation on <i>the Proposed Murray Darling Basin Plan</i> ends
Mid 2012	The Legislative and Governance Forum of the Murray Darling Basin considers the <i>Proposed Murray Darling Basin Plan</i>
Mid – Late 2012	The <i>Proposed Murray Darling Basin Plan</i> is considered by the Commonwealth Minister for Water
Mid – Late 2012	The Commonwealth Minister for Water tables the <i>Proposed Murray Darling Basin Plan</i> in the federal parliament

## Background

The Murray Darling Basin refers to the catchment areas of the Murray and Darling River and their many tributaries. The Basin covers over 1 million square kilometers in Queensland NSW, Victoria, the Australian Capital Territory and South Australia. The current and historical use of water in the Basin has led to degradation of the water quality, and the water-dependent eco-systems, such as the wetlands and red gum forests including native fish and bird populations, are decreasing.

The aim of the Murray Darling Basin Plan is to return the basin into a healthy condition to secure a sustainable and productive economic future for the region. In order to achieve this, the Basin Plan will set a limit, known as a Sustainable Diversion Limit (SDL), on the amount of water that can be taken from the Basin for consumptive use, including irrigation, agriculture, drinking, therefore increase volume of water left in the Basin system.

The SDLs will replace the existing cap on water use, and will be set at both a catchment and Basin-wide scale. Once the SDLs have been set, the amount of water currently being taken out of the Basin must be reduced to meet the limit, creating a process of water recovery.



## Water Act 2007

The [Water Act 2007](#) (the Act) and the [Water Amendment Act 2008](#) (the Amendment Act) are two significant pieces of legislation that enable the Commonwealth, in conjunction with the Basin states, to manage the Basin water resources in the national interest. Prior to these pieces of legislation, the Basin had been managed by the competing interests of the five Basin states and territories: ACT, NSW, QLD, SA and VIC.

For more information on the significance of these pieces of legislation, visit the Water Legislation section of the Department of Sustainability, Environment, Water, Population and Communities' website, available [here](#).

The Water Act commenced on 3 March 2008. Key features of the Water Act 2007 include:

- Establishing the Murray-Darling Basin Authority (MDBA) with the functions and powers, including enforcement powers, needed to ensure that Basin water resources are managed in an integrated and sustainable way.
- Requiring the MDBA to prepare the Basin Plan - a strategic plan for the integrated and sustainable management of water resources in the Murray-Darling Basin.
- Establishing a Commonwealth Environmental Water Holder to manage the Commonwealth's environmental water to protect and restore the environmental assets of the Murray-Darling Basin, and outside the Basin where the Commonwealth owns water.
- Providing the Australian Competition and Consumer Commission (ACCC) with a key role in developing and enforcing water charge and water market rules along the lines agreed in the National Water Initiative.
- Giving the Bureau of Meteorology water information functions that are in addition to its existing functions under the *Meteorology Act 1955*.

In December 2008, the Act was amended by the *Water Amendment Act 2008*.

In addition to Commonwealth constitutional powers, the *Water Amendment Act 2008* required referral of certain powers from the Basin States to the Commonwealth. The Amendment Act passed through the Commonwealth Parliament following the passage of referring legislation through the Basin states - Queensland, New South Wales, Victoria and South Australia. (Referral of power was not required from territories, so the legislation did not have to pass through the ACT's Legislative Assembly.)

In the process of negotiating with the Basin States, two significant intergovernmental agreements were made:

- The [Memorandum of Understanding on Murray Darling Basin Reform](#) was signed by the Prime Minister and the Premiers of New South Wales, Victoria, South Australia and Queensland, and the Chief Minister of the Australian Capital Territory at a Council of Australian Governments (COAG) meeting in March 2008.
- [An Intergovernmental Agreement on Murray Darling Basin Reform](#) was signed by First Ministers, which built on the principles of the Memorandum of Understanding. In the Intergovernmental Agreement, Governments committed to a new culture and practice of Basin-wide management and planning, through new governance structures and partnerships, at a COAG meeting in July 2008.

Key features of the Amendment Act include:

- The functions of the Murray-Darling Basin Commission, established under the Murray Darling Basin Agreement in 1987, were transferred to the Murray-Darling Basin Authority, meaning there is now a single body responsible for overseeing water resource planning in the Murray-Darling Basin.
- The role of the ACCC was strengthened by providing for the water charge rules and the water market rules to apply to all water service providers and transactions.
- The current powers of the ACCC were extended to determine or accredit determination arrangements for all regulated non-urban water charges.
- It enabled the Basin Plan to provide arrangements for meeting critical human water needs.

### **Guide to the Proposed Murray Darling Basin Plan**

On 8 October 2010, the MDBA released the [\*Guide to the Proposed Murray-Darling Basin Plan\*](#) (the Guide). The Guide was designed to assist people to understand the basis of the proposed Basin Plan, and the rationale behind the proposals presented by the MDBA for discussion. The Guide discussed environmental water requirements, volumes of water that can be taken for consumptive use, SDLs, for surface water and groundwater, and transitional arrangements to support implementation of the SDLs. The Guide also outlines how the Authority proposes to put the Basin Plan into effect.

Through the Guide, the MDBA announced that it would only examine scenarios with reductions on SLDs of between 3,000 GL/y and 4,000 GL/y. This was based on analysis that indicated that the amount of additional surface water needed for the environment was between 3,000 GL/y and 7,600 GL/y (long term average); and that a reduction of more than 4,000 GL/y would not meet the economic and social requirements of the Water Act.

The Guide produced a vocal and divergent response. Many Basin communities and industry groups voicing their concerns over the economic impact of the Plan, as indicated by the Guide. At the same time environmental groups called for reductions at the higher end of the 3,000 GL/y to 7,600 GL/y range.

### **The Proposed Murray Darling Basin Plan**

In 2011 the Murray Darling Basin Authority issued the proposed Basin Plan, in which it states the consumptive use of water in the Basin as a whole is to be reduced by 2750 GL/y. Consequently the long-term environmentally sustainable level of take of water from the Murray Darling Basin rivers is estimated to 10.873 GL/y.

To see the full Murray Darling Basin Authority Proposed Basin Plan, [click here](#).

The Murray Darling Basin Authority aims to table legislation in 2012 and for the sustainable diversion limits to take effect from 2019. This will allow for the Basin states seven years to adapt and manage the change.

## **Responses to the Proposed Basin Plan from the Basin States and Territories:**

### **Australian Capital Territory**

The Australian Capital Territory's submission was not publically available at the time of writing. To see the ACT's previous submissions on the Basin Plan, [click here](#).

### **New South Wales**

The New South Wales Government believes that the proposed Basin Plan not acceptable in its current form, and calls for revision before the release of the final Plan.

The New South Wales Government's main objections to the proposed Basin Plan can be divided into a four areas.

First, the NSW Government argues that the lack of information during the consultation period made it impossible to make any accurate assessment of the environmental outcomes, and that it remains unclear what the environmental outcomes will be and how these will be achieved. The NSW Government suggests that the SDL be set in cooperation with Basin States and communities. More importantly, the final Basin Plan must appropriately clarify the intended outcomes of the downstream recovery volume.

Second, the NSW Government submission focuses on the uncertainties the proposed Basin Plan poses to the affected communities. Although socio-economic studies have identified the communities that will be particularly vulnerable to the reduction in the Sustainable diversion levels, the NSW Government argues that the Commonwealth has done nothing to establish structural adjustment plans to support these communities. In the submission the NSW Government urges the Commonwealth Government to provide stimulus activities, including regional development funding. These should include social support packages such as health and education and other initiatives to support the impacted communities to adjust to the change.

Third, in the submission the NSW Government maintains that there is no mechanism in place to secure equitable distribution between states and catchments of the proposed large downstream shared water requirements. It claims that if water is only to be recovered through licence purchase alone, the southern NSW basin will be particularly affected. Instead the NSW Government suggests that the final plan will prioritise water recovery through diverse measures. The submission proposes that the final Basin Plan should not allow for licence buybacks before the states and communities have agreed that all the appropriate infrastructure and environmental works and measures have been implemented. Additionally, the NSW Government wants to cap Commonwealth purchase of licence entitlements to 3% of current extraction limits per decade per water resource plan area.

Finally, the NSW Government calls on the Murray Darling Basin Authority to identify the costs to NSW of implementing the draft plan with the NSW Government's input, also the an

agreement between the Commonwealth and the NSW Government need to be in place for upfront funding of new or extended costs for NSW for the life of the final basin plan.

To see the full New South Wales Government submission, [click here](#).

## **Queensland**

The new Queensland Government has been granted an extension of time to submit its response to the Murray Darling Basin draft plan. It is expected that the submission will be made in late April 2012.

## **South Australia**

The South Australian Government's response to proposed Basin Plan was released on Monday 16 April, the last day of the public consultation period. The South Australian submission issued 71 recommendations to improve the final Basin Plan.

Most significantly, the South Australian Government urged the Murray Darling Basin Authority to adopt a recovery target greater than 2750 GL/y. According to South Australia's analysis, 2750 GL/y is not enough to meet the environmental water requirements in several regions of the basin, particularly the Coorong, Lower lakes and Murray Mouth. Consequently the submission calls for the Murray Darling Basin Authority to model other water recovery scenarios, including 3200, 3500 and 4000 GL/y.

The submission also argues that South Australia's history of responsible management and efficient water use should be recognised. This includes South Australia being the first state to voluntarily implement a cap on water entitlements in 1969. Moreover, it is pointed out that South Australia's share of the total water extracted from the Basin is only 7 per cent. Hence, it is argued, the final Plan should not force reductions in the water entitlements on South Australia. Any water recovered from South Australia should be achieved through strategic buy-back and investment in water saving infrastructure.

Finally, the South Australian response advocates for removing barriers, physical as well as policy constraints, to delivering water to South Australia ensuring water security for all South Australians, particularly irrigators.

To see the South Australian Submission, [click here](#).

## **Victoria**

The Victorian Government urges the Murray Darling Basin Authority to revise the proposed Basin Plan before the Commonwealth Minister for Water, Tony Burke, takes it to parliament later this year.

The main concern is that the proposed target of 2750 GL/y poses too great an impact on regional communities and industries. It refers to Victorian communities having returned, or agreed to return more than 650 GL for the southern Murray Darling Basin since 2009. Also, that more than 1000 GL has been returned to northern Victoria since 2000, and that this has had led to profound changes in the irrigation food print in the region. The Victorian Government argues that any further reduction would have negative impact on the gross regional product in key industries like dairy, grape production and mixed grazing. This would, according to the submission, subsequently have severe socio-economic ramifications.

The Victorian Government also argues that proposed Basin Plan does not clearly justify the environmental outcomes it wants to achieve given the significant volume of water it wants to recover through reduction in consumptive use. Furthermore, the Victorian Government maintains that the Murray Darling Basin Authority has not explored other avenues for improving outcomes for the environment using less water.

The Victorian Government advocates that the proposed Basin Plan poses unacceptable risks for communities given that it is not specified the volume of water to be recovered from within Victoria or where in the State's north it will come from. The Victorian Government foresees a large cost legacy borne by the State government due to the proposed regime for assessing compliance with the SDLs.

The Victorian Government's final objection to the proposed Basin Plan is that once the Plan takes effect the decision making process will be centralised in Canberra, while the financial burden will be borne by the States. Furthermore, the Victorian Government would like to see roles, responsibilities, accountabilities, rights and legal obligations specified in the final Plan.

To see the Victorian Government's submission, [click here](#).

### **Next Steps**

Following the end of the 20 week consultation period on the proposed Basin Plan on 16 April 2012, the Murray Darling Basin Authority is now considering the submissions received in order to prepare a summary document that will:

- give a broad outline of any changes that the Authority makes to the proposed Basin Plan; and
- summarise any submissions received, how they have been addressed, and alterations made as a result.

A copy of the proposed Basin Plan, incorporating any changes made as a result of the public consultation, will then be given to each member of the Legislative and Governance Forum of the Murray Darling Basin (previously called the MDB Ministerial Council). The Legislative and Governance Forum of the Murray Darling Basin is made up of the responsible Minister from each of the five Basin States and Territories, as well as the Commonwealth Minister for Water.



Current members of the Forum are:

- the Hon Tony Burke MP (Commonwealth) (Chair);
- the Hon Katrina Hodgkinson MP (New South Wales);
- the Hon Peter Walsh MP (Victoria);
- the Hon Paul Caica MP (South Australia); and
- Mr Simon Corbell MLA (ACT).

The representative from Queensland is to be confirmed.

Subject to the Basin Ministers' response to the proposed Basin Plan, the Authority may submit the revised Plan to the Minister for Sustainability, Environment, Water, Population and Communities the Hon Tony Burke MP, for consideration. The Minister may then approve the plan or request further changes and only when satisfied will present the Plan to the Parliament.

