



**The Hon. Tony Burke MP**

**T R A N S C R I P T**

**Address to meeting of Councils within the Murray Darling Basin**

**22 November 2010**

Subjects: Murray Darling Basin plan

E&OE only

Thank you very much Geoff for that introduction and thank you everyone for being here.

You're all busy people and the time that you've taken to be here collectively, as well as a large number of you that I've met individually both here in Canberra and your own parts of the Basin, the time that you've given is a tribute to the importance this issue holds in each and every one of your communities.

Throughout this reform process and from the day I got this job I said that there were three things that we needed to achieve and there has not been a moment where my view has altered. Those three things are we need a healthy river system, we need food production and we need strong communities.

I don't believe those three are necessarily competing priorities. I do believe they can be optimised in a way that all three are delivered. Healthy rivers, food production, strong communities is probably the same as saying environmental, economic and social outcomes. It's the same concept, it's reflected in the Act.

I know there was a concern for some time as to whether or not the Water Act was capable of delivering all three. When that concern came up, and it came up immediately after the Guide had been released while the MDBA conducted the beginnings of its community consultation in many of your communities. The argument started to be put as to whether it was possible, under the Act, to optimise all three or whether the Act demanded that economic and social considerations were effectively an afterthought. The person who introduced the legislation, Malcolm Turnbull, started to say in the media that he was convinced that the Act allowed you

to optimise all three. My view was that the reform was about optimising all three and my Department's advice to me was that it was about optimising all three.

So to settle the matter I said that I'll get the legal advice, I'll announce that I'm getting it and no matter what it says I will make it public. Fortunately, when it came through it said what we believed the Act was meant to do and what you and your communities needed the Act to be able to do. That was to optimise the environmental, economic and social outcome.

The Guide, as you know, was released as the Guide to the draft Plan. It does not represent Government policy and it does not even represent the final policy of the MDBA. But I do appreciate, by virtue of its release, that it has created a high level of anxiety in many communities.

So let me go through some of the principles of reform that we are following so you can tell your communities that you have heard, and have heard it directly. First of all, of all the different options open to the Government it is not a serious option to give up on reform. Politically, some would say isn't it easier to throw your hands up in the air, particularly after we've had a whole lot of rain.

I had the honour of being Agriculture Minister over the last three years.

I don't know what the next drought will look like, I don't know when it will come but I do not want it to look like the last one.

That means that we need to take the opportunity now to engage in reform. That reform needs to acknowledge that when the river system gets into its worst state it is of little use to the environment and of no use to irrigators.

We've seen the situations of algae blooms, we've seen the situations of high levels of salinity. We've seen the danger of acid sulphate soils. We saw in the Lower Lakes the number of dairy farmers fall from 23 to 3. We've seen what it means to irrigators and irrigation communities if the river system is not healthy. In the same way, you can pick all your environmental indicators – your bird life, your red gums, all the different species that are reliant on a healthy river and also provide the services to keep the water fresh and pure. Of the fish species, all of those under threat during that last drought.

We we had something that we haven't seen in previous droughts, where the Government's assistance for drought had to extend to people who were irrigators for the first time, something that had never happened in previous droughts. So, I don't want the next drought to look like the last one.

To engage in that reform we're going to need a suite of measures. Those measures must involve infrastructure and they will have to involve elements of buy back. I have no intention or plans to increase the rough proportions that have been in place for some time now, where almost double the amount of money which is set aside for

infrastructure, sorry double the amount of money is set aside for infrastructure and the smaller amount of money is set aside for water buy-back.

Now I appreciate the concerns about buy back; let's remember though, not every seller is a distressed seller. The fact that we only buy from people who have put their water on the market, while not a perfect system, is an important caveat to let people know that at no stage will there be forced acquisition.

I do think that is a really important principle and a principle that's only been in place for a few months. It had been, up until then, the way things were happening but it hadn't been a formal commitment that it would continue that way. It now is. There will be no stage where we engage in compulsory acquisition of people's water entitlements.

Now while that provides some level of comfort from irrigators, I appreciate, no matter which way you look at it, whether you use the term willing sellers or whether you refer to someone who has put their water on the market, they're terms that can apply to irrigators that never apply to people in town.

I appreciate very much that they are choices not made in the township itself. That's the reason why Simon Crean's role as the Minister for Regional Australia is so critical in making sure that we do have ways of seeing communities thrive. But it's also why the emphasis on infrastructure money is critical as well.

Now there has been some pressure on me and pressure within the parliament on me to get the infrastructure dollars out. A few weeks ago we did get significant money out in northern Victoria; just short of a billion dollars there for infrastructure improvements. But the comparison often made, 'oh, how come you've spent so much on buy back so far and you haven't spent so much on infrastructure?'

Can I say, if the infrastructure projects aren't up to scratch, I'm not going to let that money go out the window. Because if it goes out the window on second rate infrastructure projects, that simply will leave a gap to be filled by buy back. That's how it ends up. So I am determined to make sure that we get the infrastructure projects that deliver efficiencies for irrigators, and the best deal in terms of environmental water. Because once the money's spent, it's gone and I don't want to see a situation where a substantial amount of money on infrastructure, \$5.8 billion, is spent simply because there is political pressure on the Minister to get it out the door, and we then find, 'oh, well we haven't delivered much for the river, buy back's all that's left'.

So, the money is reserved for infrastructure and when it's not spent we make sure that it's kept. I am not going to see that money go out the door because while people might, in that week of parliament, say 'good on you, you've spent money on infrastructure', if it's not delivering big efficiencies then ten years down the track you'll all be saying why on earth was that opportunity thrown away? That's the reason and the only reason for delaying infrastructure spending. I'm determined to make sure that it's spent in a way that we get the best possible deal.

The way then that I think is the best way to deal with the buyback part of it is for us to be in and out of the market at regular intervals. I believe if we were ever to take the option of just putting all the buyback money in a couple of catchments in one hit, I think we would create a disastrous situation. Because then you would see significant community dislocation in one hit.

By dipping in and out of the market, the opportunity that I'm trying to create is this; I'm trying to create a situation where as much as possible, it's actually complimentary to infrastructure improvement. Where people are engaging in the water market because they've found efficiencies and they can put maybe ten percent on their water on the market.

Now, when that happens, and the sale of the water is being used because the infrastructure improvements have meant you don't need it anymore and therefore it's money coming back into the township and back into that farm business, that is the perfect outcome. You're getting an outcome for the river, but you're getting your infrastructure improvement so therefore there is a better outcome for the irrigator themselves and no loss of economic activity in the community.

Those sorts of outcomes would not be possible if we did the big hit in a single catchment, one at a time. By dipping in and out of the market, the intention is that we can minimise the dislocation in their community. That's why we try to do it that way. In the same way, the infrastructure money is simply being held back from time to time; but when that money has been held back on different occasions that reason is for the precise purpose that I've just explained.

Against all of that, where do I want to make sure we get? I want to make sure that we don't lose an opportunity for reform. The process, generation after generation, has been that we continue negotiating that little bit further with the river. That we can keep allocating a little bit more and we'll get away with it.

We discovered in recent years that you get to a point where the river negotiates back. And the Murray Darling Basin has proved itself to be a brutal negotiator.

Right now, when we do have water in the river, is the time when there is the least political pressure on people like me to deliver reform. People see the tv pictures and say, there's plenty of water, what's the problem. For people in your communities this is the most important time to participate in reform. It's the time where if we do it carefully, sensitively and at an appropriate pace with an appropriate emphasis on infrastructure that we can actually ease people through a transition which will mean that the next drought will look nothing like the last one.

The final point on infrastructure I want to touch on is when I talk about infrastructure improvements; I am not only talking about irrigation. I want us to drive as hard as possible how smart we can be in management of our environmental assets.

Many of the wetlands along the Murray Darling Basin are not used to being constantly inundated with water. They don't need to be and nature never offered that to them. So with different engineering works, the possible uses of weirs and pumping mechanisms, I want to find out how we can deliver the environmental outcome with less water as well.

There are some areas where it's hard to do, obviously once you get to the mouth of the Murray volume becomes a critical determinant. But on many of the environmental assets up and down the Basin, volume is not the core issue. I want to drive those environmental efficiencies as hard as I can.

All of this will involve judgment calls but fortunately for the first time we're talking about it as a national Government and you're talking about it as communities throughout the basin as a whole. Up until now Australia has imagined that water took a different view once it crossed state boundaries and that's partly how we got into the mess. By having the national powers that we have, by having the determination to work for the Basin as a whole and your presence here today as communities that, historically in Australia, were always at odds – saying it's our water.

The fact that you're here as one is actually part of that same national approach. It's the only way we stand a chance of the next drought looking different and that we stand a chance of delivering on three outcomes – a healthy river, strong communities, strong food production.

Many of you I've met on many occasions before today and it's a privilege to speak to you today. I have absolutely no doubt that we'll be working together a whole lot more in the year ahead.

It's a pleasure to be here.

ENDS