



The Hon. Simon Crean MP

Minister for Regional Australia, Regional Development and Local Government;
Minister for the Arts

The Hon. Tony Burke MP

Minister for Sustainability, Environment, Water, Population and Communities

Senator the Hon Joe Ludwig

Minister for Agriculture, Fisheries and Forestry

Thursday, 24 November 2011

Government response to Standing Committee on Regional Australia inquiry into the Guide to the Murray Darling Basin Plan

The Gillard Government today tabled its final response to the Standing Committee on Regional Australia's report *Of Drought and Flooding Rains: Inquiry into the impact of the Guide to the Murray Darling Basin Plan in Regional Australia*.

In October last year, the Government established a new Standing Committee on Regional Australia and asked that its first task be to inquire into the impact of the Guide to the Murray Darling Basin Plan and report back to the Parliament.

The committee was chaired by the Member for New England Tony Windsor MP and included members from both sides of the House. It undertook an eight month inquiry on the impact of the Plan.

The Government has agreed to a number of measures to help ensure its reforms deliver a healthy river system, sustainable food and fibre production and strong communities.

The Government will:

- Develop and publish a water recovery strategy to provide greater transparency and certainty to communities about how the water purchase program will be implemented;
- Conduct further consultation with industry on how best to integrate water purchases with infrastructure reconfiguration;
- Focus on targeted purchases in progressing its commitment to Bridging the Gap and is not considering general tenders in the southern connected system for the remainder of 2011 and 2012;

- Establish a separate Commonwealth Environmental Water Office as a distinct entity within the Department of Sustainability, Environment, Water, Population and Communities to improve accountability and stakeholder engagement in environmental water management.

The new measures build on earlier actions being implemented by the Gillard Government which are helping to respond to the Standing Committee's recommendations including:

- \$10 million committed by the Government towards the cost of investigating environmental works and measures projects which may reduce the need to recover water from consumptive users;
- Development of new arrangements for delivering irrigation infrastructure and to enable the Basin States to sell water directly to the Government. The first example of this is the sale of 102 gigalitres ('GL') of water (long term cap equivalent) to the Government by Victoria; and
- Changes to taxation arrangements for recipients of infrastructure grants under the *Sustainable Rural Water Use and Infrastructure* program to eliminate the timing difference between the taxation of grants and the availability of deductions. The amendments, to be backdated to 1 April 2010, also include changes to provide relief from capital gains tax that may be payable on water entitlements that are transferred to the Commonwealth as a result of these water infrastructure investments.

Combined with the Government's commitment to bridge the gap between current water use and the new sustainable diversion limits, these changes will help support communities make the transition to a future with less water for productive use under the Murray Darling Basin Plan's 2019 time frame.

The Government is taking early steps to deepen understanding of potential impacts and possible responses to living in a future with less water, building on work through Regional Development Australia (RDA) committees to encourage the development of industry productivity and strengthen economic diversification and resilience.

The Ministers thanked the many communities that contributed to the inquiry and the Committee for its hard work and collaboration over the last 12 months to deliver a report that will help shape the Government's approach to water reform in the Basin.

The Gillard Government wants Murray Darling Basin reform to deliver three outcomes: healthy working rivers, strong communities and sustainable food production.

The Government is committed to delivering a final plan for the Murray Darling Basin to the Parliament in 2012.

ENDS

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