

The Australia Institute

Research that matters.

TITLE: Promises, promises

AUTHOR: Andrew Macintosh

PUBLICATION: The Age

PUBLICATION DATE: 31/01/07

The announcement of the Federal Government's \$10 billion water plan was like a bad remake of *Groundhog Day*, only without the happy ending. The Government has made too many similar announcements in the past for it to be credible that this one will solve the nation's water problems.

That may sound uncharitable. After all, \$10 billion is a lot of money and the Government claims it has a bold strategy to seize control of the Murray-Darling Basin's water from the states.

Yet there have been at least 12 major water-related announcements over the past decade from the Federal Government. All of them included lofty declarations of intent, but none of them has solved our water woes or even put our rivers on the path to restoration.

The first of these was the announcement of the \$1.25 billion Natural Heritage Trust in 1997. One of the flagship programs of the new trust was the Murray-Darling 2001 Project, which aimed to "contribute to the rehabilitation of the Murray-Darling Basin, with a view to achieving a sustainable future for the basin, its natural systems and its communities".

The trust was subsequently expanded with the injection of an additional \$250 million in the May 1999 federal budget, \$1 billion in the 2001 federal budget, and a further \$300 million in the 2004 federal budget. Was it a coincidence that the last two extensions of the trust were in election years, just as last week's announcement was?

The early 2000s were heady times for water announcements. Not only was the trust expanded on several occasions, but in 2000 the Government, in conjunction with the states, announced the establishment of the \$1.4 billion National Action Plan for Salinity and Water Quality.

A year later, in the 2001 Liberal Party election policies, the Coalition gave a commitment to spend at least \$350 million "directly on measures to improve our water quality" and \$405 million on works "to address priority salinity, water quality and biodiversity issues" in the 21 regions identified in the national action plan.

After the Coalition's victory in the 2001 federal election came the announcement in 2002 of the establishment of the Living Murray Initiative; a joint program undertaken by the Federal Government and the governments of NSW, Victoria, South Australia and the ACT.

In 2003, nothing of note was announced, but in 2004 there was a flurry of activity. First came the announcement of the extension of the trust in the May budget. Then on June 25, there was the announcement of the Council of Australian Governments' National Water Initiative.

This was accompanied by the announcement of the Murray-Darling Basin Water Agreement, which included an undertaking to spend \$500 million over five years under the Living Murray Initiative to address over-allocation and environmental issues.

Some \$200 million of this program was to come from the Federal Government, the remainder from the relevant states. The water agreement also included an additional \$150 million over eight years in commitments for so-called "environmental works and measures".

Apparently the Government felt it needed more water announcements in the lead-up to the 2004 election, so in September, just before the election, the PM announced the establishment of the \$2 billion Australian Water Fund. Hard on the back of this came the announcement in October that there would be major governance changes with the establishment of the National Water Commission.

Then, in the budget brought down in May last year, the Government announced that it would invest a further \$500 million to restore the health of the Murray-Darling Basin.

Despite all these headline-grabbing announcements from the Government, the evidence suggests that things have not significantly improved and that, in many respects, they have gone backwards. Given this, one can be excused for being a little sceptical about the Government's latest promises.

Moreover, the plan the Government has released is devoid of detail — it does not even include timelines for delivering water for the rivers of the Murray-Darling Basin. The Government has also backed away from buying back water entitlements from irrigators and persisted with providing subsidies for agriculture-related infrastructure, while dodging the issue of full-cost water pricing.

There cannot be a competitive market for water while the Government continues to subsidise agriculture through such things as drought assistance and half-price water delivery.

Despite the hype, it is highly unlikely that the Government will attempt a wholesale takeover of the states' water powers in the Murray-Darling Basin. All the indications are that if the Commonwealth gets anything, it will be more modest powers related to the Murray-Darling Basin Commission, including the power to set the cap on water extractions. If it wanted a wholesale takeover, it would have allocated much more than \$60 million a year to the idea.

All in all, the plan looks more like a deft political move than a serious attempt to solve our water problems. It is, as Shakespeare once said, all sound and fury, signifying nothing. We should hold our applause until the Government actually puts water back into our rivers.

Andrew Macintosh is deputy director of the Australia Institute.