




Speech by

Andrew Cripps

MEMBER FOR HINCHINBROOK

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WASTE REDUCTION AND RECYCLING BILL

 **Mr CRIPPS** (Hinchinbrook—LNP) (3.21 pm): I rise to contribute to the debate on the Waste Reduction and Recycling Bill. From the outset, I would certainly like to congratulate the shadow minister for the environment, the member for Glass House, for his very comprehensive response to the bill on behalf of the LNP. I would also like to say that, given that the Waste Reduction and Recycling Bill was one of the first bills to move through the Environment, Agriculture, Resource and Energy Committee under the new committee process in this parliament, the work of the member for Glass House in scrutinising the provisions of the bill and identifying the significant deficiencies contained within it was also very comprehensive.

The shadow minister for the environment has today very thoroughly dealt with those provisions of the bill that pertain to Labor's proposed waste tax. I endorse his contribution in that regard. It is my intention to focus on those provisions of the bill which pertain to the National Water Initiative. The concerns of the LNP members on the committee, as outlined in our dissenting report, as they relate to the amendments concerning the National Water Initiative are about the impacts on regional and rural communities in that part of the Murray-Darling Basin within the state of Queensland.

Part 9 of the bill proposes amendments to the Water Act 2000. The National Water Initiative is a water reform policy of the Commonwealth government. The amendments in this bill seek to insert into the Water Act a framework to facilitate the payment of compensation to water entitlement holders for reductions in the value of water available to them resulting from the implementation of the National Water Initiative.

The proposed amendments seek to make it clear that the Commonwealth government will be financially liable for the compensation to those water entitlement holders for the reductions in the value of water available to them resulting from the implementation of the National Water Initiative. To avoid the possibility of the state government being liable for the buyback of these water entitlements, the Queensland parliament must implement the framework by passing these amendments before the commencement of the Commonwealth's Murray-Darling Basin Plan in 2012. The buyback of water entitlements at this point in time will be a voluntary process from willing sellers only.

Failure to adopt the framework through the proposed amendments could make the state government liable for the compensation. The committee was advised by DERM officials during its public briefing on the bill that the Commonwealth government had made over \$500 million available through the National Water Initiative for purchasing water entitlements in that part of the Murray-Darling Basin inside the state of Queensland. I understand that the magnitude of the entire National Water Initiative for the buyback of water entitlements in the Murray-Darling system right throughout all of the basin states is in the order of \$16 billion.

The LNP certainly agrees that the Commonwealth government ought to be financially liable for the compensation to those water entitlement holders for the reduction in the value of the water available to them as a result of the implementation of the National Water Initiative. As a result, the LNP does not

necessarily oppose these particular amendments in and of themselves. If they were in a bill in and of themselves, these amendments would not be as concerning as they are if they were supported with additional information about the impact of the buyback of these water entitlements on those communities of the Murray-Darling Basin inside Queensland.

However, the concern of the LNP about the framework that is proposed to be inserted into the Water Act by the amendments in this bill is that they do not provide for the Commonwealth government to be financially liable for any other costs that result from the withdrawal of those water entitlements under the National Water Initiative. The amendments propose to make the Commonwealth government financially liable to compensate water entitlement holders for the reduction in value of the water entitlements only. Nothing in the bill indicates the Commonwealth will be liable for the value of lost agricultural production, the subsequent job losses, reductions in land values, or any other associated costs that result from the withdrawal of over \$500 million in water entitlements from that part of the Murray-Darling Basin in the state of Queensland.

So, while the amendments in this bill will establish a framework for compensation to be paid by the Commonwealth for the reduction in the value of water entitlements in the Murray-Darling Basin in Queensland as a result of the National Water Initiative being implemented, the framework does not provide for the Commonwealth government to be financially liable for any other costs associated with this federal water reform policy. This is a real concern for the LNP. It is a major shortcoming of the bill, the explanatory notes accompanying the bill and the information provided to the committee during its consideration of the bill that the full implications of implementing the National Water Initiative compensation framework does not reflect the obvious flow-on effects of withdrawing this volume of water entitlement from these rural and regional communities.

It is clear that DERM has not even attempted to determine what the subsequent costs of withdrawing more than \$500 million of water entitlements from the Murray-Darling Basin in Queensland will be. The committee was advised by DERM that any broader impacts on the community as a result of the loss of water entitlements were outside the basin plan process. The LNP considers any impacts on the wider community ought to be central to the basin plan process. The failure of DERM to recognise this and of the minister to introduce a bill that takes this major issue into consideration or, at the very least, offer some sort of explanation to the parliament about how it will be overcome is unacceptable.

In Queensland, the Murray-Darling Basin consists of the catchment of the Condamine-Balonne, the Warrego and the Paroo rivers. For the relatively modest amount of water Queensland draws from the Murray-Darling Basin, southern inland Queensland is a vibrant and productive region sustaining many vibrant and productive communities. The key economic activity in this region is irrigated agriculture. As this activity suggests, irrigated agriculture is dependent upon water as a critical input into production. Agricultural industries are the most significant employer in the region. The productive capacity, earnings potential and expenditure patterns of irrigated farms are directly related to the water supplies available to them.

I am somewhat familiar with this issue because I was the shadow minister for natural resources and water when this parliament debated the Water (Commonwealth Powers) Bill in November 2008. That bill referred certain powers relating to the management of water resources in the Murray-Darling Basin in Queensland to the Commonwealth parliament. That bill resulted from a March 2008 memorandum of understanding amongst basin states and the Commonwealth that agreed to refer to the Commonwealth parliament certain powers that previously rested with the states to manage water resources within the Murray-Darling Basin within their respective jurisdictions.

At that time, I raised the same concerns with the then Minister for Natural Resources and Water, who is now the Minister for Main Roads, Fisheries and Marine Infrastructure, about the impact of what was at the time a proposed \$350 million buyback of water allocations from water users in the Murray-Darling Basin in Queensland on the economic and social fabric of the communities in southern inland Queensland. As I said during the debate on that bill in November 2008, the lifeblood of those communities is the rivers that flow through them and the jobs they sustain through the principal economic activity—irrigated agriculture.

I asked if we could expect further buybacks as a result of the referral of this power to the Commonwealth parliament. I noted during the debate that, importantly, the agreement between the basin states and the Commonwealth that the Commonwealth would be required to consider the social and economic impacts of the buyback of water licences, known as priority projects, in addition to the environmental outcomes of those priority projects in the Murray-Darling Basin. The minister's response to my question on this issue in November 2008 was as follows—

I can assure the House that, through continuous consultation on the intergovernmental agreement, our stakeholders keep us well informed of their issues and priorities, and those were at the forefront of our negotiations with the Commonwealth. Foremost in the

development of the priority projects is consideration of their impact on communities. There is a consultative process underway with stakeholders for the development of the priority projects.

I table the relevant page from *Hansard* with the minister's statement highlighted for the information of the House.

Tabled paper: Extract from Record of Proceedings, 11 November 2008, page 3406, in relation to the Water (Commonwealth Powers) Bill [5591].

So we had an assurance in November 2008 from the then Minister for Natural Resources and Water, now the Minister for Main Roads, Fisheries and Marine Infrastructure, that we should not be concerned about the impact on these local communities because those impacts were at the forefront of the development of projects associated with the development of the Commonwealth's Murray-Darling Basin plan. Honourable members will excuse me then for being a bit surprised when I posed some questions to the Department of Environment and Resource Management during the public briefing on this bill in August 2011 about how the proposed amendments in the Waste Reduction and Recycling Bill followed on from the Water (Commonwealth Powers) Bill in 2008 and what impact the proposed withdrawal of those water entitlements would have. I was told that those impacts were outside of the basin plan process. The relevant section of the transcript from the committee's public briefing reads as follows—

Mr Claydon: Yes, the Commonwealth amended its legislation in 2008. It put its Commonwealth Water Act in place in 2007. Then in 2008 the basin jurisdictions transferred some of their water planning powers to the Commonwealth and the Commonwealth amended its legislation in 2008 as a result of the transfer of those powers.

Mr CRIPPS: So that statement simply refers to the fact that the Commonwealth will assume liability for any compensatory amounts that need to be paid as a result of the loss of the water rights by those people who currently hold those rights?

Mr Claydon: Yes. It indicates where that has come about as a result of that basin planning process and new knowledge that has been put into that process.

Mr CRIPPS: It does not take into account any cost benefit analysis that may need to be done to ascertain the loss of productivity through the loss of those water resource entitlements?

Mr Claydon: The matter of if, for example, there is broader community impacts as a result of those water access entitlements not being used is outside of the actual basin plan process.

I table the relevant page from the transcript with DERM's advice highlighted for the information of the House.

Tabled paper: Extract from EAREC transcript of proceedings, 24 August 2011, page 26, in relation to a briefing on the Waste Reduction and Recycling Bill 2011 [5592].

So from November 2008 to August 2011, we have gone from the impact on local communities being at the forefront of the development of projects in the Commonwealth's Murray-Darling plan, to the impact on local communities being outside of the basin plan process. This is quite extraordinary and justifies the scepticism and lack of confidence that many people in the communities in the catchments of the Condamine-Balonne, the Warrego and the Paroo rivers have in government at both a state and a federal level when it comes to managing water resources in the Murray-Darling Basin. The obligations of the plan are very unclear in respect of the need to give consideration to the impact of these buybacks on local communities.

As I said earlier, there is no indication in this bill, its explanatory notes, the minister's introductory speech or any information forthcoming from DERM during the committee's consideration of the bill of what the impact of withdrawing half a billion dollars of water entitlements from the Murray-Darling Basin in Queensland will be. What could some of these impacts be? If you have up to or a little bit more than half a billion dollars less of a critical input into production not being utilised by industry in that area of the Murray-Darling Basin in Queensland, you obviously have a significant loss of production. If you have a significant loss of production, you potentially undermine the viability of capital infrastructure—such as storages for agricultural produce, the viability of irrigation infrastructure and the number of customers supporting and maintaining that infrastructure—there is less demand for transport services, there are fewer employment opportunities in those communities and so on and so forth.

The amendments in this bill will provide for the Commonwealth to be financially liable for the reduction in the value of water entitlements as a result of the implementation of the National Water Initiative in the Murray-Darling Basin in Queensland. However, the potential for other significant financial costs to be incurred as a result of this federal water reform policy has not been properly considered. How many agricultural production enterprises will not be possible? How many jobs will be made unviable? How will land values be affected in communities in Queensland's Murray-Darling Basin? No cost-benefit analysis has been done by DERM. We have no idea what the impact of the implementation of this policy will be on those communities. We are pretty much flying blind.

The LNP believes that the Commonwealth government should also be financially liable for these and any other potential costs that will occur as a result of its water reform policy being implemented. In the absence of any other provision or explanation, it has not been demonstrated that the framework proposed by the amendments in this bill provides an adequate mechanism to compensate Queensland for any reduction in water entitlements as a result of the implementation of the Commonwealth's National Water Initiative.