



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON AGRICULTURE, FISHERIES AND
FORESTRY

Reference: Future water supplies for Australia's rural industries and communities

WEDNESDAY, 15 OCTOBER 2003

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON AGRICULTURE, FISHERIES AND FORESTRY
Wednesday, 15 October 2003

Members: Mrs Elson (*Chair*), Mr Adams (*Deputy Chair*), Mr Forrest, Mrs Gash, Ms Ley, Mr Schultz, Mr Secker, Mr Sidebottom, Mr Windsor and Mr Zahra

Members in attendance: Mr Adams, Mrs Elson, Mr Forrest, Ms Ley, Mr Schultz, Mr Secker and Mr Sidebottom

Terms of reference for the inquiry:

To inquire into and report on:

The provision of future water supplies for Australia's rural industries and communities, particularly:

- The role of the Commonwealth in ensuring adequate and sustainable supply of water in rural and regional Australia.
- Commonwealth policies and programs in rural and regional Australia that could underpin stability of storage and supply of water for domestic consumption and other purposes.
- The effect of Commonwealth policies and programs on current and future water use in rural Australia.
- Commonwealth policies and programs that could address and balance the competing demands on water resources.
- The adequacy of scientific research on the approaches required for adaptation to climate variability and better weather prediction, including the reliability of forecasting systems and capacity to provide specialist forecasts.

WITNESSES

FLORENT, Mr James, Policy Manager, Environment, National Farmers Federation 687

**LEUTTON, Mr Ralph, Member, National Farmers Federation Water Task Force, National
Farmers Federation 687**

Committee met at 5.12 p.m.**FLORENT, Mr James, Policy Manager, Environment, National Farmers Federation****LEUTTON, Mr Ralph, Member, National Farmers Federation Water Task Force, National Farmers Federation**

CHAIR—Welcome. I declare open this public hearing of the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry inquiry into future water supplies for Australian rural industries and communities. Today's hearing is the 15th one of the inquiry. I thank you for sharing your time with us today and for your submission. Do you have any comments to make on the capacity in which you appear?

Mr Florent—As well as being the environmental manager at the NFF, I am part of the NFF water task force.

Mr Leutton—I am the program manager for policy and legislation with Cotton Australia and also a member of the NFF water task force.

CHAIR—Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and consequently they warrant the same respect as proceedings of the House itself. I would like to remind our witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Do you wish to make a brief statement before our committee asks you a few questions?

Mr Florent—Firstly, I apologise on behalf of Peter Corish, the President of NFF, who could not be here; Paul Weller, the chair of our water task force, who is also otherwise engaged; and Anna Cronin, who is not feeling very well today and unfortunately could not make it here.

CHAIR—I am sure you will do a good job of answering our questions. If not, we will put them on notice.

Mr Florent—The NFF is very supportive of the recent COAG communique and the process that just came out. It has been great to see a bipartisan approach to all of this, especially from the state and federal sides. Our perspective is that that bipartisan support needs to continue to get this through. We really want to see some outcomes on the ground. As far as NFF is concerned, our No. 1 policy aim is a good outcome for water for farmers. To date our approach has been a very positive and proactive one. Before COAG, we put out a joint statement with ACF. We have found a middle ground to show governments that we are very serious about this and really want to see a good, positive outcome.

The main issue is resource security—that really is the crux to all of this. Without resource security, farmers cannot make decisions for their long-term future. We really want to see that in the form of a perpetual licence. We really want to see some decisions based on science and, where necessary, fair and equitable structural adjustment and support if decisions are made which will impact on water licences. While saying that we have been very supportive of the COAG process, there are two issues that Peter Corish, the president, recently identified some

concerns with. One is the bona fide science issue. We have a concern that it was suggested in the communiques that, where bona fide science changes, the farmer or the land-holder should bear the cost. Our position is that when science changes—if there is a drought and there is a change in the amount of available water—farmers are willing to take it on board. That is something which the entitlement holder needs to accept. But where there is a change in science, and there is a change in policy because of that science, the community as a whole and at large should pay for it and not just the entitlement holder.

The second issue that we have a concern with is environmental impacts in best practice pricing. We feel that the issue of placing environmental impact in best practice pricing will distort the water pricing because it is very subjective. We also feel that determining environmental objectives and environmental policy should be through policy mechanisms which are clearly developed and worked through with the community and stakeholders rather than in a de facto manner through environmental pricing, which is just very subjective.

We are trying to be very proactive in this process. We are currently developing five or six one-page policy positions to feed into the working groups that have been established under David Borthwick as part of the COAG process. For the record we would like to say that David Borthwick has been excellent to date. His open approach has been very constructive. Finally, we really want to see a transparent consultation process. To date we have seen the working groups and we understand they are developing terms of reference. While we are all gearing up to be proactive in developing our policies and trying to give input into that, we really want to see where we are actually going to fit into this process so that we are not just being left right until the end.

CHAIR—Thank you. Ralph, would you like to add anything to those comments?

Mr Leutton—I just want to reinforce those points. As a constituent member of NFF, with our other colleagues we are very keen to see some outcomes. One of the joys of the recent COAG agreement was that we perhaps have reached 1996 in the sequence of the development of water policy in this country. That is how far behind we are. At least we are now going to have an agreement to start to move forward. Many of our industries—the industry that Ms Ley is involved with and my own—are developing best management practice programs to try and deliver some of the outcomes under the reforms. As industries the key thing we are facing, and that we need to have recognition of from all levels of government, is the fact that this is happening. As James has said, we are developing policy positions at peak council level. Meanwhile, back at the kitchen table on the farm, there are quiet significant efforts being made to look at best practices in water usage. In many places that is not being recognised or acknowledged and it is something that we need to have happen. I think that once that happens we will start to see the outcomes that I believe this committee will be looking for and recommending to the government.

CHAIR—Thank you, it is much appreciated. I should mention that a couple of our committee members will have to leave early, so do not think they are walking out because they are not interested in what you have to say!

Mr Leutton—I am sure there is plenty happening in the House.

CHAIR—We have one of those extraordinarily busy days here today and one can understand why they cannot stay for too long.

Mr SCHULTZ—Do you agree with the Wentworth suggestion that a river needs to have 50 per cent of natural flow for its long-term health? What is the NFF definition of a healthy working river?

Mr Leutton—I will respond to the second part of your question first. I do not think we can actually say what a healthy river is. We are all looking for a definition of a healthy working river. We have asked our scientists and our research corporations to give us the parameters of a healthy working river. We have even challenged members of the Wentworth Group to define it. We see the words, but we have not seen what they mean. I believe that we are looking for a healthy working river. As James said, in terms of our work with the conservation movements, there is a lot of middle ground in that debate and agreement. It is based on what a healthy working river is and they cannot tell us that. We are looking for that answer.

In terms of 50 per cent of water in a river, that screws the system around. Does that mean that is a healthy working river? If so, do we agree with that? Should it be 25 per cent or 75 per cent? No-one can answer that for us. Until we find that out, we need to say, 'Okay, let's keep working towards the research that will tell us that.' The statement we put out with the ACF refers to rivers in our continent. In other words, we are not just talking about the basin, and I know there are many basin representatives here. There are significant rivers in Northern Australia, many of which are untouched. Do they stay untouched? What degree of development can they take? Are there pristine rivers that should be set aside as heritage rivers? Some parts of south-west Tasmania should never be touched and the same applies to parts of the Lake Eyre basin.

Mr ADAMS—It is a matter of opinion.

Mr Leutton—Exactly, that is the issue we are facing but no-one can tell us that. As farmers and as advisers to farmers in the policy area, we cannot give a direct answer to Mr Schultz's question.

Mr SCHULTZ—What is your reaction to the view that rivers and aquifers are clearly over-allocated? What is the NFF's reaction to that?

Mr Leutton—I do not think we can deny that some rivers are over-allocated. That has been a result of public policy in years gone by. Some legislatures had almost a mine-the-resource public policy position. Farmers have actually invested based on that policy. We recognise that some aquifers and rivers are not over-allocated and we have to consider how we manage that to ensure they do not become over-allocated. We have significant issues in the cotton industry where some aquifers—underground water—have been over-allocated. The growers, the irrigators, took positions to their state legislatures requesting them not to issue any more licences but the policy of the day was to issue licences and they were issued. Those aquifers are now stretched. We would have to be stupid if we did not acknowledge that. However, there are also some that are not over-allocated and these are being managed very well. We need to ensure that there is a balance. We need to focus on the key aquifers or reaches that are over-allocated and try to work out locally how to manage that process. There will be some harm in the process, but how do we manage that correctly?

Mr SECKER—The first dot point from the Wentworth Group was that the environment has priority use over water. What is your attitude to that?

Mr Leutton—I would suggest that the use of the word ‘priority’ has probably caused some concern. We can only speak from an NFF policy position, which is developed by our executive and our various constituent members. We recognise that the environment is a user of the water, just as water diverters are. We also recognise that stock and domestic has a priority and we adhere to that. But the balance that pool has left needs to be administered and, as Mr Schultz said, there are places where that pool that is left is stretched beyond where it should be and needs to be brought back into the realm of reality. Once we know what a healthy working river is then we can start managing what part of that pool gets attributed to what user. We see that under the policy positions we have—and if we have agreement with conservation groups—the environment is a user of water and needs to be managed.

Mr SECKER—What would you say are the key differences between the Wentworth Group and NFF?

Mr Florent—We have a lot of similarities on a principle based level. The devil is in the detail. You can see that the minute you start breaking down the communicate and even the Wentworth stuff. It is when you actually start talking about how it is going to work—if it is environmental flows first or river health first, and how it is determined—that is where the differences start to occur. Generally we are all in agreement that we need to sort out a system that delivers security, whether it be for the environment, whether it be for irrigators or whether it be for graziers. That is the general thrust. As I said, the NFF have been positive in relation to this. We welcome the debate from the Wentworth Group. We are not here to criticise the Wentworth Group model. It is an input into a process and we have to discuss all these issues.

Mr SECKER—But you must have some differences. Obviously the use as a priority for the environment is not what you would say.

Mr Florent—I think Ralph articulated that before.

Mr SECKER—Is the idea of using water better and more efficiently something you are promoting very strongly?

Mr Leutton—Extremely. That is something that we all have to look at very carefully. Perhaps a practical example of that is in South-East Queensland, or in Queensland particularly, where the Department of Natural Resources and Mines under Minister Robertson have made funds available for water use efficiency projects on farms. In that example, funding was put into dairy farms, fruit and vegetable farms, cane farms and cotton farms. We had a target over three years of 10 per cent efficiency. That program has delivered 12.8 per cent efficiency across those projects. In those four industries, the seeking of knowledge to look at water use efficiency has been very strong. Particularly in my own industry of cotton, there is quite a lot of research looking at how we cut down evaporation, more efficient use of syphons, whether flood irrigation is scheduled correctly and the use of drip irrigation in certain soils versus other soils. There is quite a desire by our constituency to look at better use of water. It is a scarce resource.

Mr SECKER—We have had conflicting views on whether this magic figure of 1,500 gegalitres is scientific or whether the science is not adequate. What is your viewpoint on it?

Mr Florent—Our position is that you have to determine river health first—what the targets are for river health. Then you look at how much water is required to achieve those targets. If you can do it through savings or through efficiencies, which we have just talked about, that is one way. If you need to go above and beyond that then we would be looking at the government, an environmental trust or whatever is being talked about moving into the marketplace and purchasing it at market rates. Let us not put the cart before the horse. We think you have to determine river health first and identify that, then talk about what is required to achieve that.

Mr SECKER—There is some water trading going on. Sorry; did you want to add to that, Mr Leutton?

Mr Leutton—Yes. It has been unfortunate those three figures came out because they distracted the debate. The real debate is not about megalitres or gegalitres or whatever it might be; the real debate is about people. Until we get people working together and discussing the issues—such as what a healthy river is and how we can adjust an overstretched catchment—until we get people agreeing on processes—such as the policies that we are working on, the Wentworth comments we are hearing and COAG issues—and until we get that human resource developed then to discuss 1,500 gegalitres is quite inappropriate in our minds.

Mr Florent—A lot of work has been done and a lot of emphasis has been placed on trying to determine the environmental outcomes. There has also been a lot of science associated with how much flow is required and so on. We would also like equal weight to be given to the social impact assessments and economic impact assessments. I am not linking the two together; there should be a social impact assessment and an economic impact assessment. We do not feel that enough emphasis or effort has been placed on that.

Mr SECKER—Hear, hear!

Mr Florent—You could look at the regional forest agreement process—a huge unit was set up in AFFA. Whether or not you agreed with the outcome, a large effort was put into the social and economic assessments. But that does not seem to be the case here.

Mr SECKER—There has been some water trading going on. What do you see as the weaknesses in what we have now, and how can we fix them?

Mr Leutton—Under the COAG agreement of 1994, there was a need to establish water trading and rules for water trading. What we are seeing at the moment is localised water trading. That set of rules is more varied than the railway gauge system in this country. What we need is a harmonising of that system. I would suggest that the existing water trading system is not the water trading system of the future. I would also suggest—and we are developing policy in this area—that one size does not fit all. I think there will be a set of principles in water trading which will need to be determined at the catchment level. There will be some quite severe social, economic and environmental issues involved in water trading and these will need to be interpreted at the catchment. There will be some catchments out of which water should not be traded because of salinity or because the economic infrastructure would collapse if water were

traded out—a stranded asset. How do we manage that under water trading rules? Those rules have not been developed yet. We are still working on a water trading policy, so we do not yet know the answer, but we do not want the situation we have now.

Mr SECKER—Has the relationship you have developed with the Australian Conservation Foundation worked well?

Mr Florent—The joint statement with them was a one-off. We do not have an ongoing arrangement in which our policies are consistent with the ACF all the way. It was a one-off position for its time, before COAG, to show governments that we can create unity and that they need to show bipartisanship. We think it was a very useful tool to put on the table.

Mr SIDEBOTTOM—Looking at your national water policy framework, the Wentworth blueprint and the COAG initiative, there is a lot more commonality than we might expect. You made the positive comment that that is what you are working towards. In general, there is agreement on the principles but you are quite right that there are differences in the details, and I think that is reflected in Patrick's comments about how we determine what is a healthy river and so forth. Thank you, I find that very positive. I would like to follow up a couple of things in your recommendations. You talk about the industry consultative processes. I suspect they have now become better rather than worse. Is that true—particularly given the COAG agreement?

Mr Leutton—Yes and no.

Mr SIDEBOTTOM—That is fair enough. I want your opinion on this.

Mr Leutton—Prior to December last year, when COAG met, it was definitely no. The consultative process at both state and federal level was not very good at all. A paper from a water CEO that hit our desk was absolute rubbish and caused quite a storm. We then saw a process of so-called consultation happen through until the beginning of this year, in which there was quite a bit of angst in our ranks, conservation ranks and government agency ranks, because everyone was trying to define what we were talking about. But in the lead up to COAG this time, there has been quite a good consultative process. As James has said, our interaction with David Borthwick of PM&C has been excellent. Our fear—and the reason for the position we have recommended to you—is that, now that we have five working teams, we will go back to the situation prior to December last year in which they go off into a huddle and out pops another paper that asks, 'What does that mean and where does it come from?' I think it is essential that a very well developed consultative process—such as the one James has indicated—is put in place.

Mr SIDEBOTTOM—Do you see the role of the Commonwealth as facilitating this?

Mr Florent—David Borthwick has the chair of the process and underneath him he has a range of working groups with state and Commonwealth people on them. Again, I cannot stress enough how useful and cooperative he has been. He recently came and spoke at our water task force forum and outlined the whole process. We are still working on the consultation process and that is I guess why we are saying: 'There seems to be something out there through which we are going to be consulted. We don't know how we're going to be consulted yet because it's still being developed.' We feel that we really need to be there at the beginning rather than being hit

with something at the end. That is why we have taken a proactive approach to getting policies done before anything has been drafted by the bureaucrats.

Mr SIDEBOTTOM—I found your comment about other sources of water particularly interesting. You recommend:

... that other sources of water—

and then you talk about the proposed cloud seeding, and we have interesting opinions on cloud seeding in this group—

be investigated and that where inappropriate and unrealistic regulations (at all levels) inhibit such initiatives—

they should be done away with. What exactly are you on about here?

Mr Leutton—I was very fortunate and honoured to sit in this back row here one day when Snowy Hydro were presenting to you people. I heard them present quite an elaborate scheme and the fact that they had quite significant funding on the table ready to try out that scheme. The National Farmers Federation do not have funds. We do not have understanding of cloud seeding. There have been numerous events—and Mr Forrest will be able to tell us many of the details of cloud seeding—that have been very positive. We have no science to back up that comment for ourselves here. But what we did hear that night was one particular group saying, ‘Here is our money,’ and that group being held up by a very minor local legislative rule that says they cannot do that. If we adopt a bipartisan approach to this whole process, why can’t that be investigated?

The second point about that is that I read through the Wentworth papers and when they get down to some of the detail we start to get a bit shaky. They are talking about 100 gigalitres of water a year back into the system being helpful. But then I sat here that night and heard that that extra cloud seeding, if it were to work, could deliver an extra 100 gigalitres or 150 gigalitres into the Murray system. Are the two sets of scientists talking to each other? Is that a challenge for this committee: to try and overcome those hiccups in systems and to get people to talk together? Surely that is a challenge we must face.

Mr SCHULTZ—How do you overcome that? What we are talking about as an example in this particular instance is the National Parks and Wildlife Service. Because of their ideology they are saying you cannot have it. The reality is the NPWS national parks in Kosciusko are controlled by the state and there is a constitutional problem there.

Mr Leutton—We cannot comment because that is not a policy position for us. But an observation might be that a bipartisan approach to seeking an outcome to the water situation in this country might have all parties to that working together.

Mr Florent—Like a lot of intergovernmental agreements this is going to be signed by all premiers and the Prime Minister, and there is a research element associated with that. That could be one component to it. What Ralph is trying to suggest is let us not disregard anything until there is sound science behind it. While there may be things on the surface that we are a little unsure about—there are questions and everybody has their opinions—if it is backed by sound science and people are willing to put their money on the table then you have to consider it.

Mr SIDEBOTTOM—I was interested in what you had to say. Dick and I are certainly more familiar with Hydro Tasmania's work. This committee is familiar with some of the obstacles in the science because we have had the CSIRO telling us point blank, basically, that we are wasting our time with this alternative. That is why I raised it. I did have some other question but other members should have a turn.

Mr ADAMS—You mentioned that figures are not helpful. But I think sometimes putting figures out on the deck gets people to tables and it may have been helpful to have had some figures floating around out there. I will make that point for the record. You say that change such that water comes back to the rivers needs to be paid for by the whole community. When we restructure other industries in Australia, people sometimes get compensation but some people take losses. When we restructure the fishing industry we usually get fishermen to buy back from that industry the excess catches that they have. Those decisions have been made on science, so here aren't we asking for one section of the community to get some treatment that others may not get? We are asking here that if there is any cost to this, all the community should pay but not, maybe, the industry that is using the water.

Mr Leutton—I am not sure that we have actually answered that directly. I have heard you comment on fishing before. I am not sure it is apples with apples. I think that what we are seeing with the water debate is really a public policy issue that has perhaps got out of whack with reality. With the fishing licences perhaps the public policy was to do with a resource that was almost unseen; it was a harvestable resource which was unseen. You are right: the science on fishing has actually been able to help that industry refocus on its allocations. Our key point is that we do not have the proper science.

As for some of the aquifers that we talked about earlier, are they joined? To apply it to one size fits all across all aquifers in the Upper Namoi is just absolutely crazy. We do not know that science. So I think we would have to reserve our answer to that until we know that science. Your fishing illustration is really quite a fine example—but you had the science to do that. We still do not have that science. We do have a feeling, and our members sometimes tell us we do not have that feeling, that it is all okay. Others say yes, it is a problem. So in our process we have got to sort that out. We need the science to tell us about it when the people from the Murray-Darling Basin Commission ask, 'What is the reality of that system? What is the reality of the northern rivers of Australia?'

Mr ADAMS—But we will be restructuring an industry here—that is what we will be doing, won't we? We are restructuring the way we manage land and whether we are farming land. We are going to stop farming it because we are going to use the water in rivers. We are going to restructure things. It is about who pays, who wins and who loses.

You talked about best practice. When we were in Queensland—over a year ago, I imagine—we saw some practices that we did not think were best practice with water to a degree. We have had evidence from irrigators in New South Wales that if there is water saved by best practice, by going to a drip process from some other process, the water that is saved should be hung onto by the person that is making the saving and not be put back into the river. We have evidence—it is science—that says that there is a certain amount of run-off from other processes and that a certain amount of that water comes back into the process. So if you set up best practice without

getting some of those savings back into the river we are going to lose out. I am sure there is a public debate in the farming communities on this.

Mr Florent—I can tell you that what you have just touched on is what we are in the process of looking at as part of our policy positions.

Mr Leutton—That is a significant concern for all of us. We all saw the *Four Corners* program with Dr Young standing on a levee saying there was water going underneath the levee back into the river. Yes, that is all reality, but again the questions are: What is a healthy river? What are the attributes of that healthy river? How much water is required to come back into that river? Where does the salinity issue stand in the rising watertable? They are all the issues that we have no answers for. Being a scientist, I am looking for that kind of information for outcomes. We do not have that. I think that is a key point. I will make another point. You mentioned ‘restructuring an industry’. I challenge the words ‘restructuring an industry’. I think we are restructuring communities. You are talking about catchments—and that is what we are talking about—and the irrigators are a number of industries that actually utilise water.

Mr ADAMS—Sure.

Mr Leutton—So it is not just a farming enterprise; it is a farming community that is being restructured.

Mr ADAMS—Sure. I take the point about the three-pronged approach being essential.

Mr Florent—To pick up on one point, the Murray-Darling Basin has been used a number of times as an example. I guess the one thing that we are stressing is that this is a national reform. While the Murray-Darling Basin gets a lot of attention—and the \$500 million initial investment has been put out there and the NFF has welcomed that—the key is that this is bigger than that. This is going to impact on every river system, whether it be in Tasmania, Western Australia or the Northern Territory. From the NFF’s perspective, we are very much looking at things across the top. We see the intergovernmental agreement on the \$500 million that is going to be signed as an adjunct to the COAG process. There is the \$500 million; we still want to see, as part of the intergovernmental agreement, some sort of funding agreement associated with the COAG process. I wanted to make that clear.

Mr FORREST—Thank you for putting in a submission. I got a bit anxious that the NFF was not going to do that. I am not going to talk about cloud seeding; that debate has to go on amongst the scientists. Thank you for your support. I have been reading this report by the Productivity Commission. Being a national organisation, I am sure you will have an interest in the rail gauge issue with water. Each state is different. Applications for extra water processes are different. Could you provide some comment to the committee on how frustrating that is and can you offer any suggestions on how we could have one standard rail gauge with regard to water regulation?

Mr Florent—I suggest that at the moment that is probably a bit difficult for us, because we are having our internal discussions on that exact issue. We literally had a meeting only a week or so ago of our water task force, which has representatives from commodity groups and each of the states. As I said, we are looking at a national position from the NFF, which obviously has to take into account exactly what you are saying. So it is a bit early for us to comment on that,

because we are trying to find the commonality, the issues associated with it, to come out with that national position.

Mr FORREST—Could we encourage you, as that process proceeds, to get it fed into the committee?

Mr Florent—Yes, no problem at all. Once our policy positions are finalised—and we hope that that is quite soon—

Ms LEY—It is taking a while, isn't it?

Mr Florent—It has only taken two weeks. We have seen David Borthwick's new set of groups. The groups have changed from what was initially discussed by the Deputy Prime Minister. As we have gone along and we have got more clarity on exactly what these working groups are working on and the sorts of things they need, we are creating our policy based on what we have been informed by government. We would hope to be able to send that to you in the next few weeks. It will be more detailed than that broader one-page policy position.

Mr Leutton—That is critical. It is taking some time, because we need to get a reasonable cross-Australia fit of a policy. From working with the Murray-Darling Basin, as an industry cotton went through an exercise of taking some cotton growers down to the mouth. Their task was to look, learn and listen, to defend and debate nothing. They did. They talked to agencies, Indigenous groups, tourism, fishermen, conservation—the whole lot. A month later we took six South Australians—four agency and two irrigators—to cotton country. They covered quite a lot of miles. We ended up standing in the dry bed of the Balonne River next to the intake valves for a water harvester who is allowed to take water, under his licence, when the water is above a certain height in the river. So that is after it has flowed a fair way.

Standing in that dry bed of the river, we said to the South Australians, 'Okay, how much water do you want? Let's do a deal now.' They did not realise—I think this is the key issue we are facing in this whole debate—that we have such different river systems, even within the same system. That northern basin, the Darling system, is an event based system. It floods—and it floods for miles—and then it is dry for years. The Murray system—the one that you guys are familiar with—is a well-managed, well-manicured system. Right now it is in trouble because of drought, but it is well managed. Even in the drought there is still water at the junction of the Murray and the Darling. I saw it recently. And there is still water going across the border. So we have that major difference in the way we face issues.

The key point I made earlier about the 1,500 gegalitres is about people. Standing on the bed of that river, one of the South Australian irrigators said, 'Why have we waited until 2003 to come and stand here?' Madam Chair, that is the challenge to you and your people here. You may not be reporting to the government until early next year or the middle of next year. A lot of water, we would hope, will have passed under the bridge by then. But how do we actually look at what you are going to report in that sequence of time and put ourselves in front of that to say, 'This is what needs to happen'? When are we going to get Victorian dairy farmers going to Adelaide or to the north to look at it? When will we get people from Fitzroy Basin coming down to the south-west of Western Australia to see what happens? We need to start to understand that. The issue is

moving people, not water. It is a people issue. When we grapple with that, then we can start looking at megalitres.

Ms LEY—Some months ago a media release from the Australian Conservation Foundation and the NFF crossed my desk. To me, it contained a series of motherhood statements about everybody getting what they want and the government paying for everything. How did your membership respond to that? You briefly mentioned your linkages with conservation groups earlier.

Mr Florent—Our membership was very positive in relation to that, in the sense that it was a one-off and it was done because COAG was coming up and we wanted to show that we were deadly serious about getting some outcome on this. We think our positions with the ACF will change once we get the devil in the detail, because they will have certain positions and we will have positions. But at a motherhood level we were in general agreement. I think the Wentworth Group took on board a lot of those motherhood statements. When you look at the two, there is a lot of commonality. That flowed through. We are delighted that COAG came out with an agreement, and we believe that that statement and the input of groups like the Wentworth Group assisted in delivering that.

Ms LEY—Did you think it was worth while, given that they were such broad, general statements? I would take issue with the fact that they were actually implemented in the COAG water initiative.

Mr Florent—It was worth while, in that both parties said that we need resource security for farmers, that there needs to be fair and equitable structural adjustment associated with this and that we need to look at river health.

Ms LEY—But do you have the same ideas of what river health is or what structural adjustment position you need to move to?

Mr Florent—We agreed on the broad principles. The devil is in the detail, and that is the issue. That is why there is a lot of work to be done to answer how this is actually going to occur. Are we going to look at environmental flows or river health first? That is where the differences will be. We can agree on some broad stuff, and that is what we did.

Ms LEY—The question might even be: what do you want from a river? I would expect that what farmers want from a river is quite different from what some members of the conservation movement want from a river.

Mr Florent—And there are differences within parts of the conservation movement. The ACF will have differences with the WWF and Greening Australia. There is a range of different positions out there.

Ms LEY—So how do you see this playing out as the devil in the detail gets sorted out by the task forces within COAG? How do you see that relationship developing?

Mr Florent—Our relationship with the ACF was a one-off. We are now developing NFF policies on each of the inputs into those working groups. They will be NFF policies, not joint

position statements. That was a position statement for its time. We are now developing more detailed statements, and they will reflect NFF members' requirements and views.

Mr ADAMS—So is it a matter of river health versus environmental flows? Is that part of the debate?

Mr Florent—Yes. Do we talk about the need to flush 1,500 gigalitres down the river first, or do we say, 'We need to determine what river health is, so let's look at the points and get some science to back it up'?

Mr ADAMS—So we need to look at understanding river flow and river health.

Mr Florent—Yes.

Mr ADAMS—Don't we also have to find out what is in a catchment? We do not even know that, do we?

Mr Florent—I think you are right. There is a link with the land based side. The NFF has a position of land and water resource security, and the two need to be taken together. We are looking forward to the Productivity Commission providing its final report on land, biodiversity and native vegetation management.

Mr Leutton—You have had people before you to talk about forests. With the amount of afforestation that is going on, we do not know what amount of water that forest is taking out of the system or contributing to the system. The science is really quite flimsy.

Mr ADAMS—It is about 20 years old.

CHAIR—I was thinking about what you said before about the south-east Queensland farmers. We went and viewed the better practice methods they were using in their irrigation. I would like to know what the NFF thinks about what was happening there and whether it would turn other farmers off investing in better equipment. We were told when we were there that, yes, they did invest in that equipment to be more water efficient, they proved that they could be and then their licences were cut back. They invested in that capital thinking that they could grow a little bit more, because they have the land but not the water use. Now their licences have been cut back. They are telling us that they are moving out of the Lockyer Valley, which is one of the most productive valleys in south-east Queensland. How do you work that one out? How do you encourage better water efficiency from farmers if a government is then going to pull the rug from under their feet and send them broke?

Mr Leutton—I think we have to clone Solomon somehow.

CHAIR—Okay. You are talking in a very positive manner, which would encourage other farmers to do it, but from talking to the farmers in that particular area we know that they are going to walk away because of the water issue.

Mr Leutton—That perpetual recognition is the issue that comes out of COAG. That was the 1994 position. Hopefully, with the states signing off on that agreement, we will see amendment

to those acts to actually put that in place. Therefore, in the Lockyer Valley example that you gave, where the efficiencies were gained, if the agency or the government wished to take back that efficiency there would be an adjustment to that perpetual licence which needs to be looked at from the point of view of the science.

CHAIR—Do you believe that that will be discussed in the COAG roundtable discussion?

Mr Leutton—Yes, we would hope so. The debate we are having internally is: if efficiencies are gained, is it a question of who pays gets the efficiency or does the pain receive the gain? Say government were to invest in efficiency. We think that is a far better way to go than buying back licences, because then you get a much more pragmatic and proactive approach to looking after the environment. If that were to be the case then we would get better outcomes. Then the farmer works in conjunction with the agency and the government in sorting out an outcome. If the government comes in and just buys, I suggest that that is a liberal use of a release. We do not look at the government paying for everything. That is not going to be the case.

Ms LEY—Everybody feels aggrieved if the government foots the bill.

Mr Leutton—It is always the government's fault, isn't it? There are certain communities, particularly in cotton, where they have identified up to 10 per cent efficiency in previous years. They said to the government agencies: 'If you want 10 per cent savings, there they are. Sign here.' But the agency came back and said: 'No, we want 50 per cent.' As an irrigator, as a businessman, what would you say? Get lost! But there was a deal that was ready to be done. So we have an issue where the state agencies—and we hope that will be corrected by the COAG process—have tried to grab more than they should be able to. This is a key issue that we are facing.

Mr FORREST—Four task forces have been offered. I am hoping that the NFF is involved in a process of making sure that the right people are assigned to those task forces. Is that happening?

Ms LEY—I think we are appointing the task forces.

Mr Florent—We have been told by David Borthwick that they will be government task forces, run under government process. We are waiting now to see the process that will be established for our input into that.

Ms LEY—We have got some names, actually, John.

Mr FORREST—We have got that far. All right. Thanks for that.

Mr SECKER—Do you have a position on what the South Australian state government of both persuasions have been looking at for three or for years now: the so-called irrigation licences for forestry, because they use water? Do you have a concern with that? It is dryland farming, basically. Crops use water; pasture uses water. Why have forestry been targeted? I know they use a bit more. Do you have a position on that yet?

Mr Florent—We are still developing that, to be honest.

Mr Leutton—It is a concern for us. We have no position.

Mr Florent—One of the issues in developing policy—and COAG and the working groups will have to deal with this—is that the government has also been very heavy in promoting, through the NHT, the NAP and the 2020 vision statement for plantations, huge amounts of tree establishment. Where there is one set of policies promoting it and another set saying, ‘Hang on; there are issues associated with the promotion of that,’ that needs to be looked at as well. We are in the process of looking at that.

Mr SECKER—If I can put my tuppence in, I think it is sheer lunacy.

Mr Leutton—We shall note that.

CHAIR—What is the Commonwealth’s role, as the NFF see it? As you know, the constitutional rights are with the states when it comes to water control. What role do you see for the Commonwealth in water management? Should a portfolio be assigned to a minister? Do you place the importance that high? How do you see it becoming a national issue as far as the Commonwealth government goes? Should we hold a summit every year? I know that a lot of talkfests go on, but we are trying to find out what role your organisation thinks the Commonwealth should play.

Mr Florent—At the moment, we are looking to the Commonwealth for the leadership they are providing in developing the IGA.

CHAIR—Are you happy with what they are doing at the moment?

Mr Florent—So far we have been very happy with David Borthwick and the stuff that he has been doing. To be honest, it is very early days. I take Sussan’s point from before: we are in the process of developing our policies. Our policies will be out a lot earlier than those drafted by the working groups. I do not know how long they will take, as I understand they are looking at developing some terms of reference before they even develop papers for public consultation. At the moment, we are very happy with the very constructive dialogue that we have with David Borthwick, and ministers’ offices have also been constructive. We are waiting to see how this will play out. There are a lot of state representatives on each of the working groups. We have been told by David Borthwick that they will be made available for our members and people from different state organisations to come and talk to. It is too early to say, but so far it seems to be quite open. The question we have—and John just raised it—is: what is the consultation process and how will we feed into those working groups? To date, we do not know.

CHAIR—There being no further questions, I thank you both for the time you have given us this afternoon and thank your organisation for their submission to our inquiry. As you indicated before, we will probably bring our report down early next year and present it to parliament in about March. We will make sure you get a copy of it and its recommendations.

Resolved (on motion by **Mr Secker**):

That this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 6.02 p.m.