Since allegations of large-scale water theft were aired on Four Corners in 2017, a flood of media reports have shown that the $13bn Murray-Darling Basin Plan is not being well implemented: agency cover ups, political and regulatory capture, agencies with cultures of non-compliance, dodgy water deals, alleged fraud and unlawful amendments.

Maryanne Slattery
Rod Campbell
June 2018
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Summary

Conflict over the resources of the Murray Darling Basin is a constant feature of Australian politics. Even by usual standards 2017-18 has been a turbulent year in water. This guide to the scandals of the Murray Darling Basin takes as its starting point the July 2017 Four Corners expose of massive alleged water theft in the Northern Basin. This scandal spurred several investigations and national attention on the management of the Murray Darling Basin.

This report compiles more than a hundred media reports relating to different aspects of the maladministration of the Murray Darling. These articles are sourced from national, state, local and rural publications and are sorted under the following headings:

- Water theft
- Political and regulatory capture
- Culture of non-compliance
- Dodgy water purchases
- A land of fraud and flooding neighbours
- More cement, less water, no transparency
- Cotton pickin’ pipeline
- Unlawful laws
- Watering down the numbers
- Deals, cover ups and secrecy
- Basin Plan performance and performances
- The changing Basin: nuts and cotton

Many more reports can be found in rural and local publications.

While these reports may come as a shock to the general public, they are well known by governments and water agencies. Federal Labor recently announced a deal they struck with the government to get the Basin Plan ‘back on track’. In exchange, they supported an amendment to the Basin Plan to increase water for irrigation and reduce water for the environment by more than 20%. The deal is mostly undertakings to implement existing commitments by State governments in legislation, regulations, intergovernmental agreements and funding agreements. The Commonwealth has already paid many hundreds of millions of dollars to States for these specific commitments. This is briefly described in the ‘Policy Recycling’ section.
If these issues can’t convince parliamentarians to look closer at the Basin Plan’s implementation, it is hard to imagine a scandal that would. Without a major shift in political and regulatory will, Volume II of the Basin Files will be as disappointing reading as this initial volume.
Introduction

The ABC’s Four Corners footage of billions of litres of water allegedly being illegally pumped caught the public’s attention last July, but it was also a catalyst for more scrutiny on the management of the Murray Darling Basin. Since Four Corners, barely a fortnight has passed without some new report of serious mismanagement.

This scrutiny could not have come at a worse time for governments and water agencies. When the Basin Plan was passed in 2012, it came with a promise that the amount of water available for irrigation would be reviewed in 2016, and the limit for irrigation be amended in the Basin Plan accordingly. Whilst the reviews were supposed to be based on best available science, there has been an expectation that the amount available for irrigation would increase.1 The powerful irrigation industry threatened that the Basin pan would collapse if the amendments did not pass.2

Two amendments, one each for the northern and southern basin, were debated in the Senate this year. Both proposed amendments increased the amount of water available for irrigation, with a corresponding reduction of water to the environment by more than 20%. The Northern amendment was disallowed in February, to the outrage of the irrigation sector and the NSW and Victorian governments. A disallowance motion on the Southern amendment failed in the Senate in May 2018. Federal Labor negotiated a deal with the government not to support the disallowance, which included passing the northern amendment when it returns to parliament.

Given the regular reporting of scandals last year, it is hard to know what scandal could have persuaded our parliamentarians to support the disallowance. This report compiles more than a hundred media reports relating to the maladministration of the Murray-Darling Basin, since Four Corners sorted under the following headings:

- Water theft
- Political and regulatory capture
- Culture of non-compliance
- Dodgy water purchases
- A land of fraud and flooding neighbours
- More cement, less water, no transparency

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• Cotton pickin’ pipeline
• Unlawful laws
• Watering down the numbers
• Deals, cover ups and secrecy
• Basin Plan performance and performances
• The changing Basin: nuts and cotton

For brevity’s sake, we have concentrated on major outlets: ABC, The Guardian, Sydney Morning Herald, The Australian and The Advertiser. We have also included the comprehensive reporting on the Broken Hill pipeline by the Barrier Daily Truth. Other local and rural papers have also done some great reporting but have largely been excluded in this report.

Federal Labor struck a deal with the government to get the plan ‘back on track’, before the second amendment vote. That deal is mostly undertakings to implement existing commitments by State governments in legislation, regulations, intergovernmental agreements and funding agreements. The Commonwealth has already paid many hundreds of millions of dollars to States for these specific commitments. This is briefly described in the ‘Policy Recycling’ section.
WATER THEFT

Controversy has raged around Murray Darling Basin water issues since Four Corners aired allegations of large-scale water theft and the ability for irrigators to legally extract water purchased for the environment from the Barwon-Darling River.

The New South Wales, Commonwealth and South Australian Governments reacted with several reviews, including:

- NSW Department of Industry: *Independent investigation into NSW water management and compliance* (the Matthews Report)³
- MDBA: *Basin-wide Compliance Review: Containing reports by the Murray-Darling Basin Authority and the Independent Review Panel*⁴
- ANAO: *Assurance Review – New South Wales’ Protection and use of Environmental Water in the Murray-Darling Basin*⁵
- Senate Inquiry: *The integrity of the water market in the Murray-Darling Basin*⁶
- NSW Ombudsman: *Investigation into water compliance and enforcement 2007-17*⁷
- South Australian Murray-Darling Royal Commission

Civil and criminal charges relating to water theft are being pursued following Four Corners.

The NSW Ombudsmen took the unusual step of publicly releasing an interim report on their investigation into water compliance and enforcement, the fourth in ten years.⁸

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They initiated that investigation after receiving several complaints from the public and public servants.

The NSW Ombudsmen tabled a second report in NSW Parliament, after it became aware that Water NSW had provided their investigation with incorrect data on water theft investigations and prosecutions. ⁹

Themes from the other inquiries have emerged of government agencies going slow on investigating possible theft, and even ignoring evidence of theft.

**PUMPED:**

WHO’S BENEFITTING FROM THE BILLIONS SPENT ON THE MURRAY-DARLING?  
ABC, Four Corners, Linton Besser, 24 July 2017 ⁷

WATERNSW TOOK ALMOST A YEAR TO ACT ON WATER THEFT ACCUSATIONS: EDO  
Sydney Morning Herald, Peter Hannam, (11 March 2018) ⁴

MURRAY-DARLING WATER THEFT ALLEGATIONS:  
NSW TO PROSECUTE IRRIGATORS  
The Guardian, Michael Slezak and Anne Davies, (8 March 2018) ³

WATERNSW REVEALS ‘CYNICAL’ LEGAL ACTION AS CRITICAL WATER REPORT LANDS  
Sydney Morning Herald, Peter Hannam, (8 March 2018) ⁵

DECISION ON WATER THEFT PROSECUTIONS WITHIN DAYS,  
WATERNSW SAYS  
Sydney Morning Herald, Peter Hannam, (27 February 2018) ⁴

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‘SHUT IT DOWN’
MURRAY-DARLING BASIN AUTHORITY ACCUSED OF COVER UP
Sydney Morning Herald, Peter Hannam, (16 February 2018)vi

IRRIGATOR PETER HARRIS SUMMONSED FOR ILLEGAL WATER USE
The Australian, Andrew Clennell, (14 November 2017)vii

MURRAY-DARLING BASIN AUTHORITY CHAIRMAN REJECTS CLAIMS IT FAILED TO ACT ON NSW WATER THEFT CLAIMS
ABC News, Marty McCarthy, Sally Bryant, (29 September 2017)viii

MURRAY-DARLING BASIN AUTHORITY KNEW OF ALLEGATIONS OF WATER THEFT A YEAR BEFORE ABC REPORT
The Guardian, Michael Slezak, (27 September 2017)ix

COALITION ORDERS MURRAY-DARLING REVIEW AFTER ALLEGATIONS OF WATER THEFT
The Guardian, Katherine Murphy, (30 July 2017)x

BARNABY JOYCE: WATER THEFT ALLEGATIONS ‘AN ISSUE OVERWHELMINGLY FOR NSW’
The Guardian, Gabrielle Chan, (26 July 2017)xi
POLITICAL AND REGULATORY CAPTURE

The NSW government engaged Ken Matthews, a former Chair of the National Water Commission, to independently investigate the allegations raised by Four Corners. Mr Matthews issued an interim and final report and he shared public concerns about the effectiveness of current NSW compliance and enforcement arrangements for water. Matthews expressed serious concerns about the professionalism of officers of the NSW public service and doubts about the even-handedness of the department’s consultation arrangements with different groups of stakeholders. Other media reports that highlight regulatory capture have also emerged, including:

- the CEO of WaterNSW seeking to change the Government Information Access Act to avoid public scrutiny of irrigators’ water usage;
- the NSW Water Minister made last minute changes to the Barwon-Darling Water Sharing Plan at the request of irrigators, behind closed doors;
- governments proposing to pay irrigators to reinstate rules removed from the Barwon-Darling Water Sharing Plan;
- the NSW Water Minister removing a pumping embargo at the request of upstream irrigators, while children downstream were hospitalised due to toxic water;
- the NSW Water Minister attempting to retrospectively change laws to favour irrigators;
- the Federal Water Minister boasting about taking water away from the ‘greenies’ and giving it to agriculture; and
- the Federal Water Minister attempting to stack the Murray-Darling Basin board with irrigation advocates.

WATERNSW BOSS TOLD COTTON GROWER OF BID TO KEEP HIS USAGE DATA FROM BEING RELEASED

The Guardian, Anne Davies, (28 March 2018)


HIGH AND DRY:
NATIONALS UPSET FARMERS OVER WATER
The Saturday Paper, Mike Seccombe, (3 March 2018)

NSW LABOR DEMANDS ANSWERS OVER
ALTERED BARWON-DARLING WATER SHARING PLAN
The Guardian, Anne Davies, (8 February 2018)

NSW MINISTER ALTERED BARWON-DARLING WATER SHARING PLAN
TO FAVOUR IRRIGATORS
The Guardian, Anne Davies, (8 February 2018)

MURRAY-DARLING BASIN:
OUTBACK PARENTS BLAME GOVERNMENT FOR
‘TOXIC RIVER’ MAKING KIDS SICK
ABC News, Kerry Brewster, (23 November 2017)

CHILDREN HOSPITALISED BY TOXIC WATER
ABC, Lateline, Kerry Brewster, (22 November 2017)

NSW REGIONAL WATER MINISTER DENIES WRONGDOING
ABC Lateline, Kerry Brewster, (22 November 2017)

MURRAY-DARLING BASIN PLAN:
‘GRENADE’ MATTHEWS REPORT REVEALS ICAC PROBING ALLEGED WATER CORRUPTION
ABC News, Linton Besser, (15 September 2017)

MURRAY-DARLING BASIN PLAN:
‘NO CHANGE IS NOT AN OPTION’ SAYS DAMNING REPORT ON ALLEGED NSW WATER CORRUPTION
ABC News, Sarah Gerathy, (11 September 2017)

‘SYSTEMIC FIX’ NEEDED FOR NSW WATER MANAGEMENT, DAMNING REPORT FINDS
Sydney Morning Herald, Peter Hannam, (11 September 2017)
PROVING POLITICAL COLLUSION IN WATER BUYBACKS
The Saturday Paper, Mike Seccombe, (23 September 2017)xxii

NSW ACCUSED OF ‘RUNNING SCARED’
AFTER POSTPONING REVIEW OF WATER REGULATIONS
The Guardian, Gabrielle Chan, (7 August 2017)xxiii

NSW MINISTER GIVES HIMSELF POWER TO
APPROVE ILLEGAL WATER WORKS
IN MURRAY-DARLING BASIN
The Guardian, Gabrielle Chan, (4 August 2017)xxiv

MURRAY-DARLING BASIN:
NSW GOVERNMENT CHANGES COULD BE CAUSING WATER LOSS
The Guardian, Gabrielle Chan, (2 August 2017)xxv

BARNABY JOYCE SAYS HE GAVE WATER BACK TO IRRIGATORS TO STOP GREENIES
The Guardian, Gabrielle Chan, (27 July 2017)xxvi

JOYCE NOMINEE FOR MURRAY-DARLING BASIN AUTHORITY
‘A BIASED CHOICE’ SA MINISTER SAYS
The Guardian, Gabrielle Chan, (26 July 2017)xxvii

NATS & THE WATER RATS
MINISTER TRIES TO CHANGE LAWS AFTER FARMER GIVEN EXTRA RIVER RIGHTS
The Daily Telegraph, Andrew Clennell, (2 August 2017)xxviii

MINISTER NIALL BLAIR LOBBIED TO CHANGE LAWS TO HELP DONOR
The Daily Telegraph, Andrew Clennell, (July 2017)xxix
CULTURE OF NON-COMPLIANCE

Several independent reviews were published post Four Corners and reported a consistent theme of a culture of non-compliance in agencies, and the MDBA as an ineffective regulator.\textsuperscript{12}

**NSW REVEALS PLANS TO GET HOUSE IN ORDER ON WATER LICENCES**

The Australian, Sue Neale, (14 March 2018)\textsuperscript{xxx}

**FEDERAL ANGER OVER NSW WITHHOLDING OMBUDSMAN’S CORRECTED WATER REPORT**

Sydney Morning Herald, Peter Hannam, (8 March 2018)\textsuperscript{xxxi}

**NSW MINISTER FORCED TO CORRECT RECORD ON NUMBER OF WATER PROSECUTIONS**

The Guardian, Anne Davies, (6 March 2017)\textsuperscript{xxxi}

**NSW OMBUDSMAN INVESTIGATING WATERNSW OVER MISLEADING DATA**

The Guardian, Anne Davies, (27 February 2018)\textsuperscript{xxxiii}

**TAMPER-PROOF METERS URGENTLY NEEDED TO STOP WATER THEFT BY IRRIGATORS, REPORT SAYS**

The Guardian, Anne Davies, (30 November 2017)\textsuperscript{xxxiv}

**‘REAL JEOPARDY’ INDEPENDENT PANEL LAYS INTO MURRAY-DARLING BASIN MANAGEMENT**

The Guardian, Anne Davies, (25 November 2017)\textsuperscript{xxxv}

**NSW OMBUDSMAN POINTS TO DEVASTATING IMPACT OF CONSTANT MoG CHANGES**

The Mandarin, Stephen Easton, (16 November 2017)\textsuperscript{xxxvi}

\textsuperscript{12} MDBA, (2017), Murray-Darling Basin Water Compliance Review
NSW OMBUDSMAN RELEASES DAMNING REPORT ON WATER ADMINISTRATION
The Guardian, Anne Davies, (15 November 2017)xxxvii

‘DEVASTATING’
OMBUDSMAN LIFTS LID ON DECADE OF PROBES INTO WATER MISMANAGEMENT-
Sydney Morning Herald, Peter Hannam, (15 November 2017)xxxviii

REPORT DAMNING OF WATER REGULATION REGIME IN NSW
The Australian, Andrew Clennell, (15 November 2017)xxxix

POLICING OF NSW WATER LICENCES SLOWED TO TRICKLE OVER 12 MONTHS
The Guardian, Anne Davies, (28 September 2017)xl
DODGY WATER PURCHASES

Beyond the allegations of water theft and non-compliance, other aspects of Murray Darling maladministration began to capture the attention of researchers and the media. One focus of this attention was the multi-million dollar purchases of environmental water.

The Commonwealth Department of Agriculture and Water Resources is responsible for purchasing water on behalf of the Commonwealth Environmental Water Holder. Several ‘strategic’ water purchases were made in 2017, which all shared a purchase price well above market value, and water which is unlikely to return much, if anything, to the environment. None of these transactions were available to all water licence holders via an open tender.

The Australia Institute has researched two of these purchases in our reports *Moving Targets* and *That’s not how you haggle*.13,14

**MPs CALL FOR URGENT INVESTIGATION INTO $180M IN WATER BUYBACKS**

The Guardian, Anne Davies, (26 April 2018)\(^{xli}\)

**‘MONTY PYTHONESQUE’: $80M WATER BUYBACK WAS 25% MORE THAN ASKING PRICE**

The Guardian, Anne Davies, (21 March 2018)\(^{xlii}\)

**BARNABY JOYCE’S DEPARTMENT PAID ‘TENS OF MILLIONS’ TOO MUCH FOR WATER**

Sydney Morning Herald, Peter Hannam, (21 March 2018)\(^{xliii}\)


COTTON COMPANY REAPED $52M WINDFALL IN SALE OF WATER RIGHTS TO GOVERNMENT
The Guardian, Anne Davies, (2 March 2018)\textsuperscript{xlv}

JOYCE’S ‘GOANNA WATER’ DEAL RAISES QUERIES AFTER BUYBACK DOUBLES PRICE
Sydney Morning Herald, Peter Hannam, (24 February 2018)\textsuperscript{xlvi}

‘BIZARRE’:
NSW GOVERNMENT URGED COSTLY BUYBACK OF DARLING RIVER WATER
Sydney Morning Herald, Peter Hannam, (20 February 2018)\textsuperscript{xlvi}

GOVERNMENT LIKELY TO HAVE BOUGHT ‘GHOST WATER’ IN $78M DEAL
The Guardian, Anne Davies, (27 October 2017) \textsuperscript{xlvii}

$78M BUYBACK OF DARLING WATER WAS NEARLY DOUBLE ITS VALUATION
The Guardian, Anne Davies, (27 October 2017) \textsuperscript{xlviii}
A LAND OF FRAUD AND FLOODING NEIGHBOURS

Like water purchases, the Water Efficiency program is part of the Basin Plan reforms, whereby the Commonwealth funds on farm efficiency programs, such as lining irrigation channels to reduce evaporation. The Commonwealth funds the 90% of the efficiency project and the water savings from the project are licenced and shared 50/50 between the irrigator and the Commonwealth Environmental Water Holder.

The States administer the program, which is funded by the Commonwealth. There are concerns about whether the savings are real and verified. Some academics claim that the program has instead increased irrigation water use.

There have been serious allegations of mismanagement. A large Queensland irrigator is currently being investigated for the fraudulent use of over $25m of these funds. The accused is related to the current Water Minister, David Littleproud. The Queensland government did not properly investigate allegations about that alleged fraud and continued to pay the accused millions of dollars. Works constructed under this program are also blamed for causing significant flooding of a neighbouring property, destroying crops worth millions.

AUSTRALIA GETS UN TO DELETE CRITICISM OF MURRAY-DARLING BASIN PLAN FROM REPORT
The Guardian, Kerry Brewster, (29 April 2018)xlix

ONE OF QUEENSLANDS LARGEST IRRIGATORS EXPECTED TO BE CHARGED WITH FRAUD
The Guardian, Kerry Brewster, (29 April 2018) 1

MURRAY-DARLING BASIN AUTHORITY POWERLESS TO ACT AGAINST FARMERS HARVESTING FLOODWATERS
ABC News, Kerry Brewster, (14 February 2018)l
DECLARATION URGES FUNDAMENTAL CHANGES TO MURRAY-DARLING BASIN ADMINISTRATION
ABC News, Daniel Keane and Marty McCarthy, (5 February 2018)\textsuperscript{iii}

GOONDIWINDI COTTON FARM RAIDED OVER ALLEGED FUNDING MISUSE
ABC, Lateline, Kerry Brewster \textsuperscript{iii}

INTERVIEW: JAY WEATHERILL
ALLEGATIONS OF FRAUDULENT USE OF COMMONWEALTH MURRAY-DARLING BASIN FUNDS
ABC, Lateline, Emma Alberici, (24 October 2017)\textsuperscript{iv}

MURRAY-DARLING BASIN PLAN A FAILURE:
FARMERS CLAIM WATER BACKED UP IN QUEENSLAND
ABC, Lateline, Kerry Brewster, (31 October 2017) \textsuperscript{iv}

INTERVIEW: NICK XENOPHON
ALLEGATIONS MURRAY-DARLING RIVER SYSTEM IS NOT WORKING CALLS FOR A ROYAL COMMISSION
ABC, Lateline, Emma Alberici, (31 October 2017) \textsuperscript{iv}
MORE CEMENT, LESS WATER, NO TRANSPARENCY

The southern amendment to the Basin Plan is predicated on 36 projects to allocate 20% less water for the environment. The Commonwealth has committed $1.6bn to implement the projects. Despite their importance, neither the business cases nor the costings have been made available to the public or parliamentarians.

Some of these projects are engineering solutions that will permanently change the floodplain. For example, building levee banks around a redgum forest and pumping water in and out of the forest in lieu of delivering water over the floodplain and into the forest. If progressed, they will create a highly engineered and regulated environment in the southern basin. Governments have prioritised the environment at discrete sites rather than a healthy floodplain from the mountains to the sea. The projects have attracted a lot of criticism from ecologists and economists.

SENATE NOT GIVEN ENOUGH INFORMATION TO PROPERLY VOTE ON MURRAY-DARLING BASIN PLAN WATER EXTRACTIONS
The Advertiser, Senator Rex Patrick, (6 May 2018) lvii

‘OUTRAGEOUSLY EXPENSIVE’:
$1.3B MURRAY-DARLING BASIN PROJECTS QUERIED
Sydney Morning Herald, Peter Hannam, (6 May 2018)lviii

MURRAY-DARLING BASIN PLAN:
SENATE NOT GIVEN INFORMATION THEY NEED TO MAKE FATEFUL DECISION
The Advertiser, Tory Shepherd, (18 April 2018)lxi

COTTON-V-WETLANDS:
THREE OPTIONS FOR AMBITIOUS REHABILITATION PROJECT
The Guardian, Anne Davies, (12 April 2018)lx

CENTRE ALLIANCE SENATOR REX PATRICK DEMANDS DETAILS,
HOLDING VOTE HOSTAGE
The Advertiser, Tory Shepherd, (11 April 2018)lxii

MURRAY-DARLING BASIN PLAN FAILS ENVIRONMENT AND WASTES MONEY EXPERTS
The Guardian, Anne Davies, (5 February 2018) lxii
COTTON PICKIN’ PIPELINE

Menindee Lakes are a series of lakes in south western NSW at the end of the Barwon-Darling river. The Lakes were engineered in the 1960’s to permanently store water and have since been the source for town water supply for Broken Hill and Pooncarie, and irrigated horticulture and riparian landholders in the Lower Darling river.

The reconfiguration of Menindee Lakes is one of the 36 projects that justify the Basin Plan amendment. Less water will be stored in the lakes to reduce water lost to evaporation. Irrigation will no longer be supplied for horticulture in the Lower Darling. Broken Hill’s water supply will now be sourced from the Murray, via a new pipeline. This will mean that irrigators in the Barwon-Darling will no longer be restricted from pumping to ensure Broken Hill’s water supply when Menindee Lakes levels are low. The irrigation industry advocated strongly for the pipeline and Cotton Australia congratulated it as a policy win for their members in their 2016-17 annual report.  

The pipeline is particularly contentious. Its construction has commenced without community consultation or the release of the business case. The Broken Hill council oppose the pipeline, haven’t seen the business case and threatened legal action against the NSW government. No alternate water supply has been proposed for Pooncarie, the 70 riparian families or the 250,000 sheep in the Lower Darling. The NSW government has not clarified how much of the $500m construction cost will be borne by Broken Hill ratepayers.

The NSW Upper House has finalised a two year review of water management in NSW. That inquiry specifically included examining the social, economic and environmental water practices for the Broken Hill town water supply and the Menindee Lakes system. The inquiry recommended that the NSW government commit that Broken Hill residents are not required to pay for the pipeline; and that Menindee Lakes are not decommissioned. The inquiry also recommended the NSW government support a federal Royal Commission into the management of the Murray-Darling Basin.

‘CRIPPLING’:
NSW LABOR PARTS WAYS WITH FEDERAL COUNTERPART ON BASIN PLAN
Sydney Morning Herald, Peter Hannam, (10 May 2018)xiii

THE FIGHT IS ON
Barrier Daily Truth, Emily Roberts, (17 April 2018)xiv

THE MENINDEE LAKES PROJECT:
WHO LOSES AND WHO REALLY WINS
The Guardian, Anne Davies, (12 April 2018)xv

NOT HAPPY GLAD
Barrier Daily Truth, Craig Brealey, (24 March 2018)xvi

BIGGEST SHIRE ‘VOICELESS’
AS DARLING RIVER WATER ISSUES COME TO A HEAD
Sydney Morning Herald, Peter Hannam, (22 February 2018)xvii

PLEA IGNORED
Barrier Daily Truth, Emily Roberts, (7 February 2018)xviii

PIPELINE COURT ACTION ON HOLD
Barrier Daily Truth, Emily Roberts, (1 December 2017)xix
WHO WILL PAY?
Barrier Daily Truth, Craig Brealey, (25 November 2017)\textsuperscript{lxv}

GRAPE INDUSTRY PERISHES IN WESTERN NSW AS BROKEN HILL RESISTS PIPELINE PLAN
ABC News, Kerry Brewster, (24 November 2017)\textsuperscript{lxvi}

DARLING RIVER RESIDENTS SAY PIPELINE WOULD BE A DEATH KNELL FOR THE RIVER
ABC News, Kerry Brewster, (23 November 2017)\textsuperscript{lxvii}

LEFT TO WHITHER
Barrier Daily Truth, Craig Brealey, (6 November 2017)\textsuperscript{lxviii}

LABOR PROPOSAL GARNERS SUPPORT
Barrier Daily Truth, Daniel Stringer, (7 September 2017)\textsuperscript{lxix}

$500 MILLION TO REACH THE MURRAY BUT: WHO PAYS? WON'T SAY
Barrier Daily Truth, Andrew Robertson, (29 July 2017)\textsuperscript{lxx}

WATER ACTIVISTS CHEER COUNCIL
Barrier Daily Truth, Emily Roberts, (28 July 2017)\textsuperscript{lxxi}

BILLION DOLLAR BURDEN
Barrier Daily Truth, Daniel Stringer, (12 October 2017)\textsuperscript{lxxii}
UNLAWFUL LAWS

The Basin Plan amendment will increase water available for irrigation and is based on 36 projects that aim to use less environmental water, but still achieve the same outcomes.

In the opinion of Bret Walker QC, the South Australian Murray-Darling Royal Commissioner, both amendments are unlawful. The Sustainable Diversion Limit (SDL) must be set based on the Environmentally Sustainable Level of Take. The amendment is increasing the SDL based on projects to be implemented in the future, so cannot achieve the Environmentally Sustainable Level of Take until those projects are implemented.

The Australia Institute’s report Desperate Measures describes how the statutory method to calculate the adjustment was not followed, thereby making the southern amendment unlawful.

At least one organisation has threatened legal action over the amendments.

SOUTH AUSTRALIA’S ROYAL COMMISSION PROVIDES ‘BLUE PRINT’ TO CHALLENGE BASIN PLAN
Australian Public Law, Adam Webster, (21 May 2018)

MURRAY-DARLING BASIN PLAN LIKELY TO BE UNLAWFUL LEADING QC WARNS
Guardian, Anne Davies (2 May 2018)

TRUST US: CHANGES TO MURRAY-DARLING PLAN MAY FACE LEGAL CHALLENGES
Sydney Morning Herald, Peter Hannam, (2 May 2018)

MURRAY-DARLING BASIN: WILDERNESS SOCIETY THREATENS LEGAL ACTION
ABC News, Tom Nancarrow, (8 May 2018)

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WATERING DOWN THE NUMBERS

Water licences are property rights. They are often used as security for mortgages, particularly for small irrigation businesses. If the financial sector changes its assessment of how much water a water licence will yield, then this will affect the cost and availability of mortgages against water licences.

The governments are renegotiating their official assessment of how much water licences yield to ‘reconcile’ the water recovery targets. That is, to determine how much water the Commonwealth has recovered for the environment in each valley and how much more does it need to recover (or return for irrigation). If the financial sector relies on the governments’ new numbers, irrigators’ mortgages could be affected.

BEST LAID PLANS: THE MURRAY- DARLING BASIN IN CRISIS
(PART-3)
ABC, Background Briefing, Sarah Dingle, (11 May 2018) lxxxii

BEST LAID PLANS: THE MURRAY- DARLING BASIN IN CRISIS
(PART-2)
ABC, Background Briefing, Sarah Dingle, (6 May 2018) lxxxiii

MURRAY DARLING WATER LICENCE RETHINK PUTTING
FARMERS’ MORTGAGES IN QUESTION,
EXPERTS WARN
ABC News, Sarah Dingle, (4 May 2018) lxxxiv

WATER RISK INFILTRATES AGRICULTURE PORTFOLIOS
Financial Standard, Karren Vergara, (30 April 2018) lxxxv
DEALS, COVER UPS AND SECRECY

The Basin Plan amendments have been a work in progress since the Basin Plan was made in 2012. Politicians and government agencies have been highly motivated for these amendments to pass. The extra scrutiny on the Basin Plan arising post Four Corners, has not helped the passage of those amendments. This has resulted in some attempts to limit unauthorised information coming out of agencies and behind the scenes deals with stakeholders.

The Australia Institute’s research *Northern Disclosure* shows that estimates of impacts on South Australia from proposed changes to the Murray Darling Basin Plan have been changed multiple times by the Murray Darling Basin Authority (MDBA).19 These changes appear to be based more on political convenience than best available science.

The Australia Institute’s research *It’s not the science, it’s how you use it* highlights that whilst MDBA claims to base its recommendations on best available science, the proposed amendments allow MDBA and States change the SDLs in a valley without considering the science.20

**‘SENSITIVITIES’:**

**FEDERAL AGENCY CRACKS DOWN AGAINST EMBARRASSING LEAKS**

Sydney Morning Herald, Peter Hannam, (6 May 2018)xxxvi

**NSW PROMISES TO PROTECT BARWON-DARLING FLOW AS IT IS ATTACKED OVER BASIN PLAN**

The Guardian, Anne Davies, (16 April 2018)xxxvii

**INDIGENOUS GROUP ‘OFFERED $10M IN WATER’ TO HELP PASS MURRAY-DARLING PLAN**

The Guardian, Kerry Brewster, (21 March 2018)xxxviii

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‘TREACHERY’:
LEAKED REPORT REVEALS LOW RIVER FLOW BLAMED ON EXTRACTION
Sydney Morning Herald, Peter Hannam, (4 March 2018) lxxxix

LEAKED LETTER EXPOSES ‘CRISIS’ FEARS
OVER $13B PLAN TO SAVE CRITICAL AUSTRALIAN RIVER
Sydney Morning Herald, Nicole Hasham, (13 February 2018) xc

IF IT’S A CRISIS FOR THE ENVIRONMENTAL WATER HOLDER
IT’S A CRISIS FOR US
Sydney Morning Herald, Peter Martin, (13 February 2018) xci

MURRAY RIVER WATER LOSS DATA ‘DILUTED’
The Advertiser, Tory Shepherd, (08 February 2018) xcii
Several reports of the overall issues facing the Basin Plan and what the Basin Plan has achieved to date are shown here.

The context for the overall performance of the Basin Plan is the ever-present threat of NSW and Victoria withdrawing from the Basin Plan. This year, the Water Ministers from both those States have made those threats public. This February, the Senate disallowed an amendment to increase the water available for irrigation and reduce water for the environment by more than 20% in the Northern Basin. The NSW Water Minister responded belligerently and threatened to withdraw from the Basin Plan.

The Commonwealth has approached the High Court to seek an injunction against current and former Commonwealth employees being compelled to give evidence to the South Australian Murray-Darling Basin Royal Commission.

MURRAY-DARLING ROYAL COMMISSION REJECTS FEDERAL ATTEMPT TO BLOCK BUREAUCRATS FROM GIVING EVIDENCE
ABC Online, (18 June 2018) xciii

‘FRAUD’: SA ROYAL COMMISSION TAKES AIM AT MURRAY-DARLING MISMANAGEMENT
Sydney Morning Herald, Peter Hannam, (18 June 2018), xciv

MURRAY-DARLING ROYAL COMMISSION: INJUNCTIONS WILL NOT STOP FLOW OF INFORMATION
The Guardian, Anne Davies, (15 June 2018) xcv

HIGH COURT ASKED TO BLOCK SA ROYAL COMMISSION FROM CALLING WITNESSES
The Guardian, Anne Davies, (13 June 2018) xcvi

FROM PADDLES TO PUDDLES: AUSTRALIA’S BIGGEST RIVER SYSTEM IS RUNNING DRY
The Economist, (19 May 2018) xcvii

IF THIS IS ‘WORLD’S BEST’ WATER MANAGEMENT WE’RE ALL IN TROUBLE
Sydney Morning Herald, Peter Hannam, (8 May 2018) xcviii
MURRAY-DARLING’S FUTURE HANGS IN THE BALANCE
Sydney Morning Herald, Peter Hannam, (8 May 2018) xcix

PARTIAL RECOVERY OF KEY MURRAY-DARLING BASIN SITES STIRS DEBATE
Sydney Morning Herald, Peter Hannam, (8 May 2018)c

MURRAY DARLING BASIN:
$8 BILLION AND STILL THE COORONG WETLAND IS DYING
ABC News, Sarah Dingle, (4 May 2018)c\text{\textsuperscript{i}}

GHOST WATER, POOR PLANNING AND THEFT
HOW THE MURRAY-DARLING PLAN FELL APART
The Guardian, Anne Davies, (5 April 2018) c\text{\textsuperscript{ii}}

SOUTH AUSTRALIA’S MURRAY-DARLING ROYAL COMMISSION
TO BE NATIONAL INQUIRY
The Guardian, Anne Davies, (5 April 2018)c\text{\textsuperscript{iii}}

MURRAY-DARLING BASIN:
NSW MOVES TO WITHDRAW FROM PLAN AS
SA URGES COMMONWEALTH ACTION
ABC News, (15 February 2018) c\text{\textsuperscript{iv}}

MURRAY-DARLING RESCUE AS STATES
THREATEN TO PULL OUT
Sydney Morning Herald, Nicole Hasham, (13 February 2018) c\text{\textsuperscript{v}}

STATE GOVERNMENTS ‘DESTROYING’ PLAN
TO SAVE AUSTRALIA’S MOST IMPORTANT RIVERS
Sydney Morning Herald, Nicole Hasham, (21 October 2017) c\text{\textsuperscript{vi}}
SELF INTEREST STANDING IN THE WAY OF A FIX FOR THE MURRAY-DARLING
Sydney Morning Herald, Ross Gittins, (21 February 2018)cvii

‘TRAITORS AND TURNCOATS’:
MURRAY-DARLING BASIN PLAN’S FUTURE HANGS IN THE BALANCE
Sydney Morning Herald, Peter Hannam, (17 February 2018)cvi

MURRAY-DARLING PLAN DRAWS MIXED VERDICT AFTER FIVE YEARS
The Australian, Sue Neales, (13 January 2018) cix
THE CHANGING BASIN: NUTS AND COTTON

The water reforms which have culminated in the Basin Plan have had a dramatic effect on the composition of the agricultural industry in the Basin. Water trade has allowed the consolidation of water to large agribusiness and increasingly foreign institutional investors. Nuts and cotton are becoming the dominant commodities. Both have relatively high gross profit margins. The combination of scale and high gross margin will put pressure on small farms, dairy, rice and other horticulture.

Cotton is enjoying a bumper year, despite water shortages at the end of the system that have been blamed on drought.

COTTON’S TRIFECTA:
COTTON’S ‘PHENOMENAL’ YEAR
The Land, John Ellicott, (10 May 2018) cx

GROWERS COTTONING ON TO A HARVEST BONANZA
The Australian, Sue Neales, (28 April 2018) cxi

MURRAY-DARLING SYSTEM UNDER STRAIN AS ORCHARD PLANTINGS INCREASE 41%
The Guardian, Anne Davies, (22 March 2018) cxii

WATER COSTS RISK DRAINING THE LAND OF DAIRY
The Australian, Sue Neales, (11 January 2018) cxiii

MIGHTY MURRAY WATERS THE ALMOND TREES WORTH BY $1BN BY 2025
The Australian, Sue Neales, (10 January 2018) cxiv

NEW WATER BARONS:
FOREIGN FARMERS SWOOP ON OUR CROPS
The Australian, Sue Neales, (9 January 2018) cxv

MURRAY-DARLING BASIN:
AGRICULTURE BOOMING FOR MAJOR RIVER SYSTEM
The Australian, Sue Neales, (8 January 2018) cxvi
POLICY RECYCLING

Federal Labor negotiated a package of measures in exchange for their support to amend the Basin Plan, increasing water for irrigation by 675 billion litres.\(^\text{21}\) That package includes commitments for improved metering and the protection of environmental water.

At its simplest, the Basin Plan is a reform to share water between irrigation and the environment. It sets a limit on how much water can be extracted for irrigation and therefore, how much is available to the environment. We need to meter water extractions to know how much water is being extracted. We also need to protect water set aside for the environment from being extracted for irrigation.

That is, metering and the protection of environmental water are critical to the success of the Basin Plan and the Basin Plan is a failure without them. This is why these commitments have been made by Commonwealth and State governments for over a decade, through several instruments and agreements:

- *National Water Initiative (2004)*\(^\text{22}\)
- *Memorandum of Understanding in relation to the shepherding of water for the environment*\(^\text{23}\)
- *NSW Nimmie-Caira System enhanced environmental water delivery project*\(^\text{24}\)
- *Basin Plan (2012)*
- *Basin Plan Implementation Agreement (2013)*\(^\text{25}\)
- *Basin Watering Strategy (2014)*\(^\text{26}\)

The Commonwealth government has paid hundreds of millions of dollars to State governments to meet those specific commitments over that time. For example: $617m was committed to States in January 2007 to improve measurement and metering


under the National Plan for Water Security. $221m was committed to NSW in 2010 to implement meters and generate a ‘savings’ of 74 gigalitres that could be transferred to the Commonwealth Environmental Water Holder.

The States have committed to implementing the Basin Plan through the Basin Plan Implementation Agreement and the associated funding agreement the National Partnership Agreement on Implementing Water Reform in the Murray-Darling Basin. The Commonwealth makes annual payments totally $174m over 7 years to the States for meeting milestones described in the funding agreement.

At the request of Shadow Water minister, Tony Burke, the Australian National Audit Office (ANAO) undertook an audit of Commonwealth payments under the funding agreement in relation to the protection of environmental water in NSW. The ANAO found that there was little evidence to support the Commonwealth’s positive assessment of NSW’s progress towards protection of environmental water and therefore little evidence to support the payment to NSW.

The MDBA has a statutory requirement to ensure the states have policies in place to protect environmental water, before they estimate the savings on the 36 projects. If environmental water is not protected, then the adjustment to the extraction limits should be reduced, or eliminated entirely. This is explained in our Desperate Measures report.

The Commonwealth has entered into two agreements with NSW to protect environmental water in the Barwon-Darling (Shepherding) and lower Murrumbidgee (Nimmie-Caira). $4.5 million has already been paid for both projects, despite NSW not having environmental protection policies in place.

Despite the slew of issues in the implementation of water reform and the Basin Plan, the Commonwealth has never withheld a payment to the States for not meeting commitments, such as protecting environmental water or improved metering.

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Conclusion

The Murray-Darling Basin Plan is an ambitious reform. A once-in-a-generation opportunity for reform, if not once-in-a-century. In 2012, the Basin Plan was made into law and only three federal parliamentarians voted against it and it had support of all of the partner States. The Commonwealth has committed more than $13bn towards the reform. It is hard to imagine that any government will get an opportunity make such a reform again. They certainly won’t be able to commit another $13bn anytime soon.

This report compiles more than a hundred reports relating to these different aspects of the maladministration of the Murray-Darling Basin. Whilst these reports may come as a shock to the general public, they are well known by governments and water agencies. In a direct response to the relentless scrutiny and public outrage, governments have put some correction measures in place. We will all have different opinions about whether these measures will be successful. However, we should be unanimous in acknowledging that without media scrutiny there would not be any corrections and that the media was critical in highlighting the failure of governments to implement the Basin Plan.

Federal Labor struck a deal with the government to get the plan ‘back on track’, before the second amendment vote. That deal is mostly undertakings to implement existing commitments by State governments in legislation, regulations, intergovernmental agreements and funding agreements. The Commonwealth has already paid many hundreds of millions of dollars to States for these specific commitments.

Given the regular reporting of scandals last year, it is hard to know what scandal could have persuaded our parliamentarians to support the disallowance. Federal Labor has effectively endorsed the maladministration exposed over the past year. This will almost certainly ensure that Volume II of the Basin Files is as disappointing reading as this Volume I.

i http://www.abc.net.au/4corners/pumped/8727826


viii http://www.abc.net.au/news/rural/2017-09-29/mdba-responds-to-criticism-over-murray-darling-basin/9002072


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xxxv https://www.theguardian.com/australia-news/2017/nov/25/real-jeopardy-independent-panel-lays-into-murray-darling-basin-management


x https://www.theguardian.com/australia-news/2017/sep/27/policing-of-nsw-water-licences-slowed-to-trickle-over-12-months


http://www.abc.net.au/lateline/darling-river-residents-say-pipeline-would-be-a/9191302
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