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## **MEDIA RELEASE**

13 June 2002

### **Senate Estimates Committee identifies opportunity for breakthrough on Namoi Groundwater Funding**

Independent Member for New England, Tony Windsor, said that under questioning in a Senate Estimates Committee a senior Agriculture, Fisheries and Forestry representative, Mr Ian Thompson admitted that the Namoi Groundwater issue could be funded by the National Action Plan that was recently signed by Prime Minister, John Howard, and Deputy Prime Minister, John Anderson.

“A previous opportunity to solve the Namoi Groundwater issue was missed by the recent signing of the National Action Plan on Salinity and Water Quality.

The statements by AFFA have raised real opportunities for a breakthrough on funding if Deputy Prime Minister, Mr Anderson was to adhere to his recent statements about property rights and regional catchment blueprints,” Mr Windsor said.

Mr Anderson has stated that as part of the funding agreement under the \$400 million National Action Plan arrangements with the NSW Government, the Commonwealth has the power of veto in the sign-off of the regional catchment blueprint.

“If that is the case, and the Deputy Prime Minister assures me that it is, then the Commonwealth has the capacity not only to fund its share of the Namoi Solution but also withhold the NSW Government’s portion of the agreement if the NSW Government refuses to compensate for water entitlement loss and transfer this amount directly to the entitlement holders.

Mr Anderson had a golden opportunity prior to the signing of the National Action Plan Bilateral Agreement, to withhold the State funding as leverage to achieve property rights but declined to do so,” Mr Windsor said.

Mr Anderson in his release of May 13 states *“The inter-governmental agreement on water quality and salinity signed between the Federal and NSW Governments provides that compensation and structural adjustment issues will be dealt with under regional catchment plans. There is no need for the issue to be dealt with again in bilateral agreements. Regional plans will require the agreement of the Federal Government and I make it quite clear that plans will not be approved, and Federal funds will not flow, unless property rights issues are dealt with to the Federal Government’s satisfaction..”*

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“Mr Anderson now has a chance to redeem himself by acting upon his own advice that the Commonwealth will use the regional catchment blueprints to control the process.

I will do everything I can to assist Mr Anderson achieve an outcome,” Mr Windsor said.

Mr Windsor believes that the revelation by AFFA in the Senate Committee has opened the door to force the State Government to fund water entitlement removal from the Namoi water users.

Mr Windsor added that he was going to contact all Regional Catchment Blueprint committees to alert them to the opportunities and encourage them to include property rights in their final document.

“Mr Anderson was highly critical of me for voicing concerns about the recent signing of the National Action Plan.

He now has to decide whether he is interested in the problem for short-term political gain or the solution for the benefit of the community,” Mr Windsor concluded.

**The following is the transcript of the Hansard of the Senate Estimates Committee proceedings referred to in the Tony Windsor Media Release of 13<sup>th</sup> June 2002 titled “Senate Estimates Committee identifies opportunity for breakthrough on Namoi Groundwater Funding”**

[Senator O'BRIEN](#) —On 8 June last year, the Deputy Prime Minister, Mr Anderson, announced that the federal government would contribute \$40 million over 10 years towards restructuring relating to retiring Namoi Valley groundwater. This was in response to the Namoi Valley Groundwater Task Force's recommendation of a total package of around \$120 million. In Mr Anderson's statement of 8 June 2001, he makes it pretty clear that the Namoi promises were conditional upon the New South Wales government contributing \$40 million and industry contributing \$40 million. I understand it did not go ahead because New South Wales would not contribute \$40 million. I assume, from the answer to a question on notice No. 3618 supplied by AFFA through the minister, that AFFA has had some involvement in this process to date. Is that right?

Mr Thompson —Yes, we were involved in the process as observers or advisers to the Namoi task force.

[Senator O'BRIEN](#) —How much did the industry have ready to contribute at the time?

Mr Thompson —I do not know what the industry actually had ready to contribute. The Namoi task force report, from a task force which included industry and community representatives, envisaged a program for joint Commonwealth, state and local or industry contributions, with an industry or local contribution amounting to \$41.5 million.

[Senator O'BRIEN](#) —You do not know whether they actually had it?

Mr Thompson —I could not say that the industry had ready cash, but that is what the local task force envisaged was a fair share by the regional industry.

[Senator O'BRIEN](#) —In the light of the current foreign exchange hedging crisis being suffered by the cotton industry, particularly in the Namoi region, how does that affect your estimation of their ability to contribute?

Mr Thompson —As I said, I could not be definitive about what estimate they were able to contribute last year. Similarly, I would not be in a position to be able to say what they might be able to contribute now, but certainly the financial situation in the cotton industry is tighter now than it was this time last year.

[Senator O'BRIEN](#) —It is unlikely, isn't it, that the industry would be in a strong position to contribute a third of the cost of the project now?

Mr Thompson —As I said, it would be hard for me to say because I do not know the individual economics or finances of industry in the region, but I think they would be in a more difficult financial situation. Certainly, if they had an ability to contribute some amount last year, their capacity to contribute this year would be impaired.

[Senator O'BRIEN](#) —In answer to the question on notice No. 3618 in Senate *Hansard* of 9 August last year, Senator Alston advised, in relation to the Namoi promise:

Any Commonwealth funding will be from existing programs. Details will not be finalised until the New South Wales Government commits to a response to the Task Force report.

There is no mention in the answer of any industry or grower contribution, but I understand that the New South Wales government offered to contribute \$15 million over three years. Is that right?

Mr Thompson —Yes. We have seen advice from the New South Wales government that they had agreement to provide \$15 million to fund a structural adjustment package in the region.

[Senator O'BRIEN](#) —Well, for this project. It is a line item in the New South Wales government budget, isn't it?

Mr Thompson —I am not sure if it is a line item in the New South Wales budget, but I have certainly seen correspondence from a New South Wales minister to the Commonwealth proposing that. I have no doubt the \$15 million is there. It is not tied directly to the Namoi task force report. As I said, the Namoi task force report envisaged a number of elements. This \$15 million was tied to a structural adjustment package and did not envisage any industry contribution. So it is related; it is trying to address the same problem.

[Senator O'BRIEN](#) —If the industry was prepared to put up \$40 million and the New South Wales government was prepared to put up \$5 million a year over three years, then somehow the federal government over 10 years was going to find \$4 million a year, or some configuration to achieve \$40 million over 10 years.

Mr Thompson —Minister Anderson suggested that the Commonwealth would pay \$40 million over 10 years to meet the task force recommendation for a range of things, including structural adjustment and industry packages and water buybacks—a range of measures.

[Senator O'BRIEN](#) —Is it the case that AFFA has not made any assessment of where the Commonwealth funding might come from in the light of a definite offer from the New South Wales of \$15 million?

Mr Thompson —I am not aware of any detailed determination of where such money might come from. When Minister Anderson made the announcement for the \$40 million in the first place, he said it would come from a range of existing programs. As far as I am aware there has been no determination about which programs that might come from.

[Senator O'BRIEN](#) —Was there no discussion with AFFA about which programs might be available?

Mr Thompson —There was informal discussion between officials as to what programs such funding could be sourced from. There is a range of programs across the Commonwealth and within AFFA there is the Natural Heritage Trust. The Namoi is within a national action plan region and within the Department of Transport and Regional Services. They also have regional programs. In the structural adjustment area AFFA has AAA packages which perhaps could be of assistance in the training and industry adjustment elements of a response.

[Senator O'BRIEN](#) —How many catchments are there in New South Wales that are to be attended to under the national action plan?

Mr Lee —There are seven NAP regions and nine catchment management boards. The Commonwealth aggregated the Namoi—Gwydir and the Lachlan—Murrumbidgee, but we will be proceeding with nine catchment bodies and nine catchment blueprints.

[Senator O'BRIEN](#) —What is the New South Wales component of NAP's Commonwealth contribution of \$700 million?

Mr Lee —It is \$198 million.

[Senator O'BRIEN](#) —Obviously Murray-Darling is going to take a big slab of that, is it not?

Mr Lee —Yes, Senator. All the catchments are in the Murray-Darling Basin. There are none on the coast.

[Senator O'BRIEN](#) —What is the status of Minister Anderson's Namoi promise for \$40 million? Is that a dead offer?

Mr Thompson —No, I do not think it is a dead offer. That would have to be pursued with Minister Anderson. But in terms of Commonwealth funding for the Namoi and their issues, as I said, we are at the moment working with New South Wales on investment strategies for Natural Heritage Trust and national action plan funding for New South Wales catchments.

[Senator O'BRIEN](#) —I see. Would that project fit within the Natural Heritage Trust?

Mr Thompson —The various elements of the package, in that they relate to water allocation, water management and industry adjustment as a result of changes to water allocations, fit both within the Natural Heritage Trust and the national action plan. As I said, some of the structural adjustment elements of it also fit within the broader AAA package.