



# MEDIA RELEASE

**Senator the Hon Penny Wong**

*Minister for Climate Change and Water*

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**TRANSCRIPT OF INTERVIEW WITH MATTHEW ABRAHAM AND DAVID BEVAN,  
891 ABC ADELAIDE**

**SUBJECT: \$50 MILLION DOWN PAYMENT ON THE MURRAY; DISCUSSIONS WITH  
VICTORIA**

**E & O E – PROOF ONLY**

**BEVAN:** Penny Wong is the Minister for Climate Change and Water and she joins us now.

**WONG:** Good morning Matt, good morning Dave.

**ABRAHAM:** Minister isn't the nub of the matter, the main sticking point, who gets the power to set irrigation entitlements?

**WONG:** Well look we've made it clear in our discussions with Victoria, and publicly, that something we have to have in any agreement with the States is an agreement to a basin wide plan that includes a basin wide cap, because we believe that the best interests of all the people who live in the basin and rely on the rivers in the basin, including South Australians and particularly those in Adelaide, is to get a coherent plan across the basin which includes a basin cap. Now I'm not going to try and go through chapter and verse the issues that Victoria may have, that's really for them to do. But I will say this, I think that Victorians have reacted in the past to the previous Minister and previous Government's attempt to take over what they regarded as their management rights and who were not prepared to deal with them cooperatively. Now we obviously have to break that impasse and we have to continue these negotiations and we're making some progress, but obviously there is some way to go.

**BEVAN:** Doesn't it all get down to Minister how much water you take out of the river?

**WONG:** That is the first question, isn't it? And that's why we've made it clear and that's why I think Victoria clearly understand the Commonwealth's position that you have to have a basin wide cap. But we also understand that you've got to do this cooperatively, the Commonwealth can't go it alone, for constitutional reasons, we have to get the States on board and that's why we'll continue to talk to Victoria and work through the issues.

**BEVAN:** If Victoria does not cooperate and the river continues to dry up, can you take the powers away from Victoria?

**WONG:** That would not be, I think, in the best interest of the Basin. Can I just say, we are doing two things at once here. I've announced today a \$50m purchase, so the Commonwealth Government is putting \$50m on the table to purchase water in the Murray Darling Basin to use for the benefit of the river, so this is a down payment on the future of the River Murray. Now we recognise this is only a first step, but it is the first time in the nation's history that the Commonwealth Government has directly purchased water. So we're not waiting for agreements of the States to make that water

purchase because we understand the river needs it. Having said that, can I say to you that the best outcome for South Australians, the best outcome, I believe, for all the people within the Basin States is to get a cooperative arrangement between the Commonwealth and all the States.

**BEVAN:** Will the announcement to spend \$50m to buy out the licenses force up the price of water?

**WONG:** Look we're very conscious that we are entering the market so what we've put on the table is a public tender process where irrigators can voluntarily offer to sell us water and we will manage that process so as to minimise impact on the market. But what is important about this is that we are purchasing water for the benefit of the river, so this is water that will be managed to ensure or to go towards a healthy river.

**BEVAN:** But it's a market place and there's not much altruism in the marketplace is there, did the price of water go up following your announcement?

**WONG:** Well I haven't looked at the price of water this morning because obviously the announcement was this morning. It's a public tender process and we'll manage that, there are real benefits to having a water market and I'm sure irrigators will say the same thing that you are able to trade in water and that is a good thing.

**ABRAHAM:** How much money is the Commonwealth going to have to spend to effectively patch over the fact that Victoria won't play ball?

**WONG:** Well I think they are two different issue Matt. As I said we're purchasing water because we believe that's the right thing to do, we think the river needs it and I think people who live along the river and rely on it would agree. The issue with Victoria is that we need an arrangement between all the basin States and we sign up to a cap. And let's understand the context in which we are working in the first River Murray agreement I think was around 1914, in 1994 the States and the Commonwealth agreed a cap arrangement, which in reality has not been adhered to in detail. We're now in a position as at November 2007 of having the lowest two years of inflow in to the Murray River on record. I think its some 40% lower than the previous record so we are in really in uncharted waters when it comes to how low the inflows are. Now that's the context we're in, what we need to do is to get agreement with the States around new authority and a new basin cap that is adhered to, that will be the best outcome for all the basin states.

**BEVAN:** This water that you're buying for \$50 million, that's all for environmental flows, will just go down the river?

**WONG:** That is the purpose of it, and I think your programs had a bit of a focus on water in the last months and as you know the fact that we've had such low inflows has meant there are some really dire situations in terms of the health of the river, particularly downstream.

**BEVAN:** How much water will you get for \$50 million?

**WONG:** Well I can't really talk to you about that because that is obviously market sensitive and if I indicate to you how much I think I'm going to get, and I've told you how much we're putting on the table, that actually indicates the price so I'm sure you can appreciate that.

**BEVAN:** Maybe you could just compulsory acquire the water?

**WONG:** Look our approach is to buy water from willing sellers, we also want to ensure that we modernise the irrigation infrastructure, obviously we need more efficient irrigation, that's one of the

things scientist, Peter Cullen, as well as industry is telling us. So I've already signed off on just under \$5 million to enable irrigators to put in modernisation projects, or plan modernisation projects. So we are going to have to re-engineer a lot of the basin in order to cope with the reduced inflows that we predict will come from climate change.

**BEVAN:** Minister, Senator thanks for speaking to *891 Mornings*.

**WONG:** Good to speak to you.

**ENDS**