

19 April 2007

Joint Press Conference with the Hon Malcolm Turnbull MP, Minister for the Environment and Water Resources, Parliament House, Canberra

Subject: Murray-Darling Basin water shortages.

E&OE...

PRIME MINISTER:

Well ladies and gentlemen, thank you for coming. I have called this news conference to advise the outcome of the contingency planning report on water availability in the Murray-Darling Basin that was requested at the Melbourne Cup Day meeting that I called last year. You remember that we established a task group of Commonwealth and state officials to assess precisely what the situation would be against a number of contingencies in relation to rainfall between November of last year and the commencement of the agricultural season in about July or August of this year. I am sorry to report that the report, which has been delivered to both state premiers and to me, indicates an unprecedentedly dangerous situation. What the report in essence says that unless there are very substantial inflows, and for that read heavy rain, leading to run-off into the catchment areas, prior to mid-May 2007, there will be insufficient water available to allow any allocation at the commencement of the 2007-2008 water year for irrigation, the environment or for any purposes other than critical urban supplies. What that means is that if it doesn't rain in sufficient volume over the next six to eight weeks, there will be no water allocations for irrigation purposes in the Basin.

There will be adequate water for critical urban supplies and it will be possible for some farmers, most particularly those whose properties adjoin rivers, to draw on those rivers for their own personal needs, not for stock needs but for their own personal needs. All of these farmers, of course, are in receipt of the support under EC circumstances and I will be urgently examining what additional assistance might be appropriate at a Commonwealth level. I have written to all of the states asking for their agreement and I expect to receive it to release an appropriate version of this report, there are some commercial-in-confidence issues that must be respected, and I would expect to receive that. I just want to say that this underlines the critical situation that we face if there is no significant rainfall over the next few weeks and it should also be noted that even if there is significant rainfall, and that of course is very much in the lap of the gods; even if there is sufficient rainfall it may not be possible until July, late July or well into August to determine whether that rainfall has been adequate, sufficient enough to allow some allocations to be made for irrigation purposes. Now the reason I have called this news conference is to simply communicate the seriousness, potential seriousness of the situation, the facts speak for themselves, they don't need additional elaboration from me.

I said in Queensland a couple of days ago without any sense of irony or any sense of being other than totally serious that we should all pray for rain because the situation for the farmers of Australia in the irrigation area of this country, the Murray-Darling Basin is critical

and we must all hope and pray there is rain, but even if there is it will be some time before we know the full extent of it and whether or not it will enable some allocation to be made. Commonwealth and state officials are continuing to meet, there has been maximum cooperation between the Commonwealth and state officials on this particular issue and Mr Turnbull will naturally, at a ministerial level, be looking after the Commonwealth's position and we'll be monitoring it very, very closely. I repeat that there will be enough water, and in fact the report is confident there will be adequate water for basic human consumption and other needs in urban communities, in town communities, in the Murray-Darling Basin and, of course, farmers will be able to draw on rivers, if they are adjacent to them, for personal needs. But in other cases, as many farmers have been doing already, they may have to truck in water, some of course may have some left in water tanks, although I think it very unlikely that there would be many. So it is a grim situation and there's no point in pretending to the Australian public otherwise.

JOURNALIST:

Prime Minister is this unprecedented, you know a stop to irrigation as a result of such a low rainfall?

PRIME MINISTER:

The word unprecedented has been used advisedly.

JOURNALIST:

Mr Howard is this a situation right up and down the Murray-Darling or just parts thereof?

PRIME MINISTER:

Well it's a whole system, it operates as a system and the view is that unless there is that substantial rainfall leading to a runoff into the catchments, you are simply not going to have enough water consistent with the obligation to supply critical human needs in town communities along the river system, you are not going to have enough water to provide any allocation for agriculture. Now the impact that this is going to have on industry, on the horticultural industry and crops like grapes and stone fruits and other primary industries that rely on irrigation including the dairy industry is very critical indeed. Now some of them are in their nature, crops that can, in effect, if appropriately looked after can be, you know, placed in-store so to speak for a year and then be available, albeit not at the same productive level in later years when rain is available, but in other cases I understand the consequences could be a lot more devastating.

JOURNALIST:

Mr Howard, you said that the water couldn't been used, for those along the rivers and creeks and so on, couldn't be used for their stock needs?

PRIME MINISTER:

No, no.

JOURNALIST:

What do you mean?

PRIME MINISTER:

Well that's....

MINISTER TURNBULL:

That's dairy, that's irrigation.

PRIME MINISTER:

....irrigation, it can't be used for irrigation, yes.

JOURNALIST:

Prime Minister, does this mean that permanent plantings like grapes and stone fruit won't have any allocation this year?

PRIME MINISTER:

For irrigation, no, if this eventuates.

JOURNALIST:

What about carryover water, people who have water left in their....

PRIME MINISTER:

There's no guarantee of that either. There will be no guarantee of carryover water either.

JOURNALIST:

Mr Howard are you reassessing the sort of longer term economic impact that this is going to have?

PRIME MINISTER:

Oh look it's too early to start trying to calculate that, but we know already that the drought has taken up to one per cent off our growth, or three quarters to one per cent off our growth, and the longer it goes on the harder the impact. I mean these are just stark facts, I'm not gilding the lily, I wish I had another story, I mean I'd like to be talking optimism about the drought rather than relaying this kind of story. And I'm just explaining what I have been told by the experts, you'll remember we called that meeting because I had been told and the states had been told that the situation was extremely serious, and we asked our officials to go away and tell us what the implications of a continuation of the drought would be on future allocations, and they have come back, and they have told us in the starkest terms that unless we have heavy rainfall, leading to runoff into the catchment areas, this is the prospect we face and that even if we do get significant

rainfall it will be some weeks into the new agricultural season to say the least before a judgement can be made.

JOURNALIST:

Why can you not release that report in full today, what's sensitive about it?

PRIME MINISTER:

Well I have sought the permission of the states. I mean it's a report to me and to the state premiers and just as a matter of courtesy, I can't release it without their agreement, I mean I can't imagine, subject to protecting the commercial-in-confidence matters, and there are some commercial in confidence issues because there are...and I think it's important that they be respected. but I would imagine that the Premiers would be agreeable and as soon as they are, then I'll release it.

JOURNALIST:

Does the report give any indication of how long it would be, if there's not significant rain, where towns and personal use would actually run out?

PRIME MINISTER:

Well their remit was to look at the consequences if there were not adequate rainfall over the period that the report covered, which was the period from November through until the commencement of the next season. Obviously it's possible for other reports to conduct that kind of analysis. Yes?

JOURNALIST:

What kind of extra help will the Government consider giving to farmers, extra income support of business subsidies?

PRIME MINISTER:

Well I am examining it. I'm not going to speculate about individual things, we already provide a very large amount through EC, and we have liberalised EC. I simply make the point that they are in a very difficult situation and the Federal Government will not let them down, but we have to have a look at what is reasonable and what is appropriate. But I'm indicating that we'll look if there are other things that the Federal Government could do. We would naturally expect if we do additional things, although what we do will not be conditional on the states responding, but we would naturally expect the states to be willing to do their bit. And look I'm not suggesting they won't. I mean, in relation to this particular issue, the Melbourne Cup Day meeting and everything that's flowed from it, we have worked very harmoniously and cooperatively at an officials' level with the states and I have no expectation that that won't continue when I deal with the premiers.

JOURNALIST:

What's the, risk Prime Minister, that this will be the last straw for a lot of those farming families and force them off the land?

PRIME MINISTER:

Well Mark, it doesn't help for me to use that sort of language, you may if you wish, but I'm not going to use it, I'm simply reporting the facts. It is serious, it is another...it will be another blow if it doesn't rain, that's self evident, but I don't want to start using these apocalyptic terms in a general fashion.

JOURNALIST:

What are the implications for the water plan now Mr Howard, do you need to revisit that, what are the implications for Victoria still not signing up?

PRIME MINISTER:

Well I haven't left it, I visit it every day, every day indeed. I just want to say that, I mean, the \$10 billion water plan is about dealing with the future. I'm not suggesting that if that were signed up tomorrow that it's going to suddenly deliver rain, I'm not suggesting that, but what this does underline is the need for long term planning so that we prevent this sort of crisis happening again. The \$10 billion National Water Security Plan is the very long term planning this country needs and I say in the plainest possible terms to the Premier of Victoria, it is time your state came on board, it is time we stop behaving like Victorians, or Queenslanders or New South Welshman and that we saw the water assets of this country belonging to all Australians and not to different groups of Australians, sheltering behind different state borders which are quite irrelevant when it comes to the water needs of this nation.

JOURNALIST:

Prime Minister, what are the implications for Snowy Hydro?

PRIME MINISTER:

Well I'm not going to start getting into that level of specificity. Thank you

JOURNALIST:

Mr Turnbull would farmers still be expected to be paying their water allocation fees and licence fees given that they have no access to water?

MINISTER TURNBULL:

..fixed charges? Well that's very much a matter for the water utilities and the irrigation...and the irrigation cooperatives in New South Wales, they are owned by their, by the farmers, so that's the decision they take themselves. In Victoria, the Victorian Government should obviously look, because they own the water utilities, they should look

very carefully at the relief they can provide in respect of fixed charges.

JOURNALIST:

All of those in NSW are run by state government though?

MINISTER TURNBULL:

No, the irrigation companies, like Murray Irrigation, Murrumbidgee Irrigation were mutualised. They are in fact private ventures.

JOURNALIST:

...people who just generally irrigate their crops?

MINISTER TURNBULL:

Oh well if people are just buying bulk water from state water, if they're just river pumpers then they are in a different situation and then the State Government there should certainly look to the fixed charges, absolutely.

PRIME MINISTER:

This is an area where the states could obviously help but that is a matter for them and anything that we do, additionally, to what we're already doing is not prepositioned on the states doing something.

JOURNALIST:

Prime Minister have there been any discussions with Senator Kemp about diplomatic appointments?

PRIME MINISTER:

I have had no such discussion and all of that is news to me.

JOURNALIST:

Mr Turnbull, the Labor Party's been saying that the river, the Murray could stop flowing entirely by 2015. Does this report suggest that that could in fact happen even earlier? I know the Government's denied that the River would stop flowing.

MINISTER TURNBULL:

The Government never denied that at all. We live in a very volatile climate. The only reason, no let me answer the question, the only reason the Murray has not stopped flowing on a number of occasions during all of our lifetimes is because of the storages, the dams that have been built that provide flows during dry periods. In pre-regulation days before those dams and weirs were built, the Murray often ran dry. If you go down to South Australia you will see that in every pub there are pictures of people picnicking on the dry bank of the River. So the natural condition of the Murray River is one that would run dry. Now we are going through a hotter and drier period and

it is important to remember that even though we've had average rainfalls in the months, first few months of this calendar year, because the ground is so dry and because the groundwater systems have been so depleted, we have not seen the runoff into the streams. And that's why both the Prime Minister is saying that we really need very heavy rains, we need big rains to make a difference. Now we do have somewhat more water in Dartmouth and Hume than we feared we would have. We feared we'd have none; at this stage we've got about 350 billion litres there, but that's largely due to lower evaporation losses because of somewhat cooler temperatures. So the situation with the volatility of our stream flows has always been part of our life, always part of the life of the rivers. We have remedied that with our storages but we're not proofed against big fluctuations in water availability and it just underlines the need for Australia to use our water efficiently and the need for the National Plan for Water Security.

JOURNALIST:

So is Adelaide's water supply safe?

MINISTER TURNBULL:

Yes, for this year the officials are confident that they can get enough water down to Adelaide.

JOURNALIST:

How much rain and how much in inflows would you need to change the situation?

PRIME MINISTER:

A lot.

MINISTER TURNBULL:

A lot. I don't have those...

JOURNALIST:

Can you not give me any figures at all?

PRIME MINISTER:

We're not going to, we can't do that.

MINISTER TURNBULL:

I would suggest you just pray for rain, don't pray for a specific number of millimetres.

JOURNALIST:

On the issue of climate change, you have said before the jury is out on the link between climate change and this current drought. Aren't people going to jump on this and say well this is looking very much like something extraordinary and perhaps it is climate change taking effect?

PRIME MINISTER:

Well we've had droughts before. We've had very severe droughts before but we had smaller populations and we had lesser demand. Look I recognise the ongoing debate about the link between the two things and I don't vary from that. I don't think this dramatically alters it. I mean we're practical people we Australians, we've got to deal with a situation and I would have thought what people ought to do is focus on what we can do to make sure that the available water does, is used efficiently to meet the needs of town communities. And I think in planning for the future we've got to see it as a national challenge to be dealt with at a national level. One more question.

JOURNALIST:

Mr Howard what population numbers are affected by this report? Does the report mention the numbers of townspeople or irrigators or....?

PRIME MINISTER:

Well you obviously...

MINISTER TURNBULL:

Several million people.

PRIME MINISTER:

Several million?

MINISTER TURNBULL:

Yeah, see Adelaide draws on the Murray for about 90 per cent of its water during a drought so its several million people affected, so it's a very large population base. And of course Phil, you've got to remember that Adelaide is right at the end of the river so you know, you need a lot of water to get enough water down to the end. The largest urban demand is the furthest from the dams. Could I just add something to the climate change point? It's not...the scientists, the CSIRO; and if you look at their, some of their most recent papers acknowledge that it is difficult to say whether any particular drought is a result of natural climate variability or a climate change, you know the global warming phenomenon. But the assumption that is built into all of our planning, the National Water Initiative, the National Plan for Water Security, everything that we're doing on water, our assumption is that our climate is going to get hotter and drier in the years ahead and that water will be scarcer. So the National Plan for Water Security, the National Water Initiative, the Australian Government Water Fund are all part of Australia's adaptation to anticipated climate change.

JOURNALIST:

Mr Howard, was Helen Liddell wrong when she said that Iraq is not part of the war against terrorism?

PRIME MINISTER:

Well the British High Commission is telling my office and I don't know whether it's telling anybody else, that she was quoted out of context, but that is a matter for her and the British High Commission. But I do know this, that the British Government believes that Iraq is very much part of the war against terrorism because the head of the British Government, namely the British Prime Minister, had this to say in February of this year: The poisonous ideology that erupted after 9/11 has its roots there, meaning the Middle East, and is still nurtured and supported there. It has chosen Iraq as the battleground, defeating it is essential. In November of 2006, in another speech Mr Blair, inter alia, had this to say: Whether in Iraq or Afghanistan or indeed combating terrorism here, these battles are inextricably bound together. There can be no doubt in the mind of the head of the British Government that Iraq is part of the battleground against terrorism and our view and the view of the British Government is identical. Thank you.

[ends]