



National Irrigators' Council

Food · Fibre · Future

Submission

DRAFT FRAMEWORK FOR
DELIVERING THE 450 GL OF
ADDITIONAL ENVIRONMENTAL
WATER

To the Department of Climate Change, Energy,
Environment and Water

4 March 2024

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Background

The National Irrigators' Council (NIC) is the peak industry body for irrigated agriculture in Australia. NIC is the voice of irrigated agriculture and the industries producing food and fibre for domestic consumption and significant international trade. Put simply, our industry is helping to feed and clothe Australia and our trading partners.

Irrigated agriculture in Australia employs world leading practices in water management. Industry has extensively adopted and embraced new technologies and knowledge to ensure we are consistently growing more with less water. Australian farmers also operate under strict regulations and compliance mechanisms. These factors mean we lead the world in both farming practices and produce quality.

NIC's policy and advocacy are dedicated to growing and sustaining a viable and productive irrigated agriculture sector in Australia. We are committed to the triple bottom line outcomes of water use - for local communities, the environment, and for our economy.

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Introduction

The Murray Darling Basin is arguably Australia's most important agricultural region, with irrigated agriculture a key component. All Australians are connected to the Murray-Darling Basin, whether they know it or not. Forty percent of our farms, over \$22 billion in economic activity at the farmgate, thousands of direct and indirect jobs, and the vast majority of the irrigated produce which hits our dinner plates and clothes us is grown in the Basin.

In Australia, 100% of our rice, over 93% of our fruit, nuts and grapes, over 86% of our cotton, over 83% of our vegetables, over 83% of our turf, flowers and plants, over 50% of our dairy and sugarcane, and significant volumes of hay, cereals and other grains are grown by irrigation farmers. It is also important to note that more than 90% of the food consumed in Australia is grown locally.

The Murray Darling Basin Plan has been a vital tool in balancing the needs of our communities, our environment and our productive sector. It hasn't always got it right, but it has achieved a great deal since its inception. Ensuring balance is needed so we can keep our rivers and communities healthy and thriving, while feeding and clothing Australia and the world.

Whilst we didn't agree with all elements of the Restoring our Rivers bill such as the lifting of the cap on buybacks and the ability to use direct water purchases towards the 450 GL efficiency measure program. We remain committed to finalizing the Basin Plan and ensuring all the tools, not just buybacks, are utilized in its implementation to maintain and protect the prosperity of our regional communities and agricultural businesses.

Our submission focuses on these alternative options and provides recommendations that focus on enabling greater integration of all the tools available to governments, improving governance and transparency, empowering place-based solutions, whilst acting on the lessons learned from past program implementation to avoid a repeat of the same outcome.

One key concern is that while the framework outlines the proposed timetable and program ideas for the 450GL program, it falls short of addressing key strategic concerns raised by the Productivity Commission (PC) in their Final Report on the 5-year Review of Implementation of the Murray Darling Basin Plan¹. Particularly those around a renewed water recovery strategy and governance arrangements for decision making and implementation with the Basin states. We appreciate that the PC Final report was released during consultation, however we encourage the Department to consider incorporating the PC's independent feedback into the final design of the 450GL framework.

It must also be noted that this framework addresses the implementation of the 450GL program only. This is despite there being a significant shortfall risk with the supply and constraints measures which do not appear to be a focus of the government. Given the warnings and recommendations by the PC, further improvements are needed to ensure adequate progress and governance and accountability measures are in place for all remaining elements of the Basin Plan.

Whilst we welcome the opportunity to provide input into this draft framework, more work will be required. We have provided the following list of 16 recommendations to be considered in the next version, where greater integration of programs and more flexibility is needed.

¹ Productivity Commission, 2024. Final Report on the 5-year Review of Implementation of the Murray Darling Basin Plan. <https://www.pc.gov.au/inquiries/completed/basin-plan-2023/report/basin-plan-2023.pdf>



Recommendations

The following recommendations have been provided within this submission.

1. DCCEEW design and implement a cross-sectoral funding program that provides proponents the opportunity to develop integrated projects from several funding programs, and funded via either the state or Australian Government including:
 - Program elements of Resilient Rivers
 - Voluntary Water Purchase
 - Structural Adjustment
 - SDLAM supply measures.
2. DCCEEW implement the following recommendations by the PC being:
 - 2.2 Australian Government Funding Decisions should be publicly reported.
 - 2.3 Reset and extend implementation of constraints-easing projects.
 - 2.4 Develop a renewed approach to water recovery.
 - 9.1 Extending oversight of intergovernmental funding agreements relevant to Basin Plan implementation.
 - 9.2 Improving the transparency of the Basin Officials Committee.
 - 9.3 Strengthening the community voice in Basin decision-making.
3. DCCEEW engage and external review of governance arrangements for Basin Plan recovery programs with an aim of identifying implementation efficiencies.
4. Alternative funding arrangements (or a new program) are included to enable community owned project development and implementation.
5. Investments in complementary measures are eligible to be included in integrated Resilient Rivers Program projects.
6. Land and water purchases are included in the resilient rivers program and the design should consider how the change in land use and income foregone is addressed in any purchase.
7. The Australian Government provide human resources to assist with the facilitation and design of projects to be negotiated with proponents under the Resilient Rivers Land and Water program and any locally driven project ideas (or the new program as recommended earlier).
8. DCCEEW establish a clear and transparent process to assess the viability of rules-based recovery options towards the 450GL program to ensure they remain consistent with water resource planning arrangements, existing water management agreements and the 2013 Intergovernmental Agreement, these include:
 - How the rules are developed;
 - An assessment of their benefits to the 450GL Basin Plan objectives;
 - Any impacts or benefits on existing water entitlement holders, changes in land use, productive capacity of the land and regional communities;
 - How they integrate within water resource planning arrangements and existing agreements; and
 - Support from existing water entitlement holders, if there are reliability impacts.
9. Further information on how the Australian Government will meet its statutory obligations to consider socio economic implications of water purchase towards the 450GL program, including the process, assessment, and reporting must be provided.
10. Voluntary water purchase program design should include a principle of avoiding negative third-party impacts on remaining water entitlement holders.
11. The Australian Government should be an early adopter of their own Market Reform rules.
12. The Australian Government establish an expanding leasing program and establish a mechanism to account for the volume of water leased towards an SDL.
13. The Australian Government must consult with affected over recovered valleys.
14. The Australian Government broaden community adjustment funding beyond one-off grants program and looks at broader and integrated economic measures, to



encourage new businesses and reduce barriers to keeping people in our regions, with a focus to enable communities to adapt to less water.

15. Sustaining Basin Communities Principle 3 – Proportionality is expanded to consider a community or regions, vulnerability, or resilience to additional water recovery, in addition to the volume and impacts expected and/or observed.
16. DCCEEW provide further information is provided on the data sources and how regional communities experiences including First Nations, will be incorporated into decision making.

General Comments

Subject to specific comments regarding the three programs proposed in the draft framework, we agree in principle to the proposal to stage implementation as outlined by the Department and presented below:

- *Prioritize the Resilient Rivers Program to maximize non-water purchase recovery options.*
- *Allow more time to consult with industry, irrigation infrastructure operators and communities about minimizing socio-economic impacts and designing community adjustment assistance.*
- *Prioritize voluntary water purchase options that have the least unintended socio-economic impacts.²*

However, the proposed implementation priorities should also consider how each of the programs can be integrated. An integrated approach is required to ensure we optimize the efficiency and effectiveness of programs, manage the risk of disproportionate impacts on any one region, and seek to provide the best opportunities to minimize socio-economic impacts from further reductions to the consumptive pool of water.

We recommend the design and implementation of a cross-sectoral program that can include funding components of each of the above programs, together with new supply measures, to provide an integrated program option for broader scope projects.

We note that different states have a different process of engagement with their industries and communities, and not all states have been capable of implementing integrated project ideas. For these reasons, state-led programs are not unanimously supported by our members, and we would like to see the option for alternative funding arrangements to allow direct discussions between the proponents and the Australian Government, which may lend itself to more efficient but also more integrated projects.

Recommendation: DCCEEW design and implement a cross-sectoral funding program that provides proponents the opportunity to develop integrated projects from several funding programs, and funded via either the state or Australian Government including:

- **Program elements of Resilient Rivers**
- **Voluntary Water Purchase**
- **Structural Adjustment**
- **SDLAM supply measures.**

As noted in the introduction, we are concerned that the draft framework fails to address the barriers to implementation of the previous programs. Our concern is echoed by the PC's Final Report¹ and in part by the NSW Government in their Alternatives to Buybacks Plan³.

² DCCEEW, 2024. Restoring Our Rivers: Delivering the Basin Plan 2012 Draft framework for delivering the 450 GL of additional environmental water, Page 3.

³ NSW Government, 2024. Alternatives to Buybacks Plan.

https://water.dpie.nsw.gov.au/_data/assets/pdf_file/0005/606920/NSW-Alternatives-to-Buybacks-Plan.pdf



Whilst the proposed framework is important, understanding how the governance arrangements will be improved in terms of timeliness in decisions and progress is critical to ensuring we do not repeat the same mistakes of the previous programs.

We support the following recommendations by the PC on these specific areas.

Recommendation: DCCEEW implement the following recommendations by the PC being:

- **2.2 Australian Government Funding Decisions should be publicly reported.**
- **2.3 Reset and extend implementation of constraints-easing projects.**
- **2.4 Develop a renewed approach to water recovery.**
- **9.1 Extending oversight of intergovernmental funding agreements relevant to Basin Plan implementation.**
- **9.2 Improving the transparency of the Basin Officials Committee.**
- **9.3 Strengthening the community voice in Basin decision-making.**

In addition to the PC recommendations, we recommend that the Australian Government seek external review and advice on how to streamline decision making, ensure timely decisions and set a framework for monitoring progress more regularly than the reporting requirements to the Australian Parliament. This acknowledges that while an independent external body, was not at this time recommended by the PC there are concerns about implementation delays experienced previously and raised by NSW⁴ that do not appear to be considered or addressed thus far in the new programs.

Recommendation: DCCEEW engage and external review of governance arrangements for Basin Plan recovery programs with an aim of identifying implementation efficiencies.

Further, to these areas of concern around governance is the lack of understanding on the willingness of all basin jurisdictions to work in partnership with the Australian Government on current commitments or new ideas. This is critical given the warnings from the PC regarding the possible shortfall risk with the SDLAM projects⁵, calling for any unviable project to be cancelled in recommendation 2.1 of their Final Report⁶. This creates significant uncertainty on progress when at the time of writing this submission, the Victorian Government has not signed the updated agreement and are responsible for 10 supply and constraints projects, and what this means to their ongoing feasibility and likely contribution to other elements of the plan, such as the 450GL of additional environmental water.

Resilient Rivers Program

Expanding options within program

As raised in General Comments, further independent review, and assessment of the past governance arrangements of the reinvigorated Resilient Rivers Program should be a priority. If this program continues as an extension of previous programs that were largely state-led, without changes in approach the Basin Plan will fall short of its objectives as warned by the PC in their Final Report.

For this program to work funding needs to be timely, integrated and allow for flexibility of ideas and operation, and must be implemented with community support. For that to happen a greater focus on place-based solutions or localized proponents, other than relying on the state jurisdictions is recommended. There are a range of regional bodies and businesses, that could be involved in a ground up program such as Landcare groups, industry bodies or irrigation infrastructure operators. By focusing on placed based options, additional benefits such as local employment and business opportunities would also occur rather than administration and contractor fees, going elsewhere.

⁴ NSW Government, 2024. Alternatives to Buybacks Plan, page 14.

⁵ PC, 2024. Final Report into 5-year Implementation of the Murray Darling Basin Plan, page 60-62

⁶ PC, 2004. Final Report into 5-year Implementation of the Murray Darling Basin Plan, page 29.



Recommendation: Alternative funding arrangements (or a new program) are included to enable community owned project development and implementation.

We encourage the inclusion of any complementary measure elements into new projects within the Resilient Rivers program. Whilst the legislation does not allow them to be included as an environmental equivalent to offset water recovery targets, this does not preclude the investment in these within a broader range of projects. Without complementary measures, the water reserved for the river and the environment will not produce the desired environmental outcomes and the expectations of communities. A flow target is not an environmental outcome, but just one part of the mechanism to achieving an outcome.

Complementary Measures (also known as toolkit measures in the Northern Basin) facilitate:

- delivering equivalent ecological outcomes required to meet Basin Plan objectives that will not be met through existing water recovery measures.
- the rehabilitation of native fish species.
- improving productivity within aquatic ecosystems.
- Improving the resilience of threatened species.
- contributing to the achievement of cultural water objectives.

These are critical measures designed to underpin short-, medium- and long-term outcomes to ensure native species have the greatest opportunity to thrive. This approach will help to ensure the achievement of the Basin Plan's environmental objectives over time.

Recommendation: Investments in complementary measures are eligible to be included in integrated Resilient Rivers Program projects.

Land and water purchases.

Land and water purchases were enabled under the Restoring our Rivers bill 2023 and we are aware of unsolicited proposals to meet these arrangements. We are therefore, perplexed why the framework is seeking to consult on interest rather than getting on with designing a program. We support the implementation of the option to include land and water purchases in the resilient rivers program.

Recommendation: Land and water purchases are included in the resilient rivers program and the design should consider how the change in landuse and income foregone is addressed in any purchase.

Land and water purchase provides an opportunity to enhance local environmental outcomes by managing land and water collectively. If part of a broader package, it could also provide an opportunity for strategic system retirement or rationalization of delivery networks. However, it is unclear the program will consider the long-term material changes to land use, production and economic capacity of the land if it is retired from active irrigation and or, farming altogether. The program must consider how these impacts are considered as income foregone and compensated.

For improved local project options and for the delivery of the Land and Water purchase options to be viable we recommend that assistance should be provided to facilitate project ideas and partnerships and complete the necessary due diligence requirements. A dedicated team that does not need to be within the Water Division could help engage with interested parties and bring ideas together which can then be assessed. If not, the only options available will be those sitting on shelves already.



Recommendation: The Australian Government provide human resources to assist with the facilitation and design of projects to be negotiated with proponents under the Resilient Rivers Land and Water program and any locally driven project ideas (or the new program as recommended earlier).

Rules based recovery.

We require further information on how rules-based changes meet the Water Act 2007 requirements of the 450GL program - to create an entitlement without diminishing the rights of remaining entitlement holders, which also include the Commonwealth and other basin jurisdictions. Whilst this concept has been flagged by NSW as a recovery option⁷, it sets a precedent for other jurisdictions and clear processes are required prior to funding, these include:

- how the rules are developed;
- an assessment of their benefits to the 450GL Basin Plan objectives;
- any impacts or benefits on existing water entitlement holders, changes in land use, productive capacity of the land and regional communities;
- how they integrate within water resource planning arrangements and existing agreements; and
- support from existing water entitlement holders, if there are reliability impacts.

Without the above processes in place, rules-based recovery that generates new entitlements for the Commonwealth Environmental Water Holder (CEWH), risks being a form of compulsory acquisition and is not likely to be consistent with the 2013 Intergovernmental Agreement (IGA), whereby the Commonwealth Government committed “to ‘Bridge the Gap’ between Baseline Diversion Limits (BDLs) and Sustainable Diversion Limits (SDLs) in the Basin Plan. As a result, it is intended that no water entitlements will be eroded or compulsorily acquired as a result of the Basin Plan.”⁸

The alternative option could be to trigger the risk assignment but as the PC warned, this an expensive and controversial approach⁹ that isn't in the spirit of collaboration that is needed to implement the Murray Darling Basin Plan nor consistent with the IGA.

The Australian Government should therefore provide more transparency on how rules-based option can be considered and how it addresses the key principles above. This is important considering the lack of transparency around the NSW Government's connectivity panel and their work to date.

Recommendation: DCCEEW establish a clear and transparent process to assess the viability of rules-based recovery options towards the 450GL program to ensure they remain consistent with water resource planning arrangements, existing water management agreements and the 2013 Intergovernmental Agreement, these include:

- **How the rules are developed;**
- **An assessment of their benefits to the 450GL Basin Plan objectives;**
- **Any impacts or benefits on existing water entitlement holders, changes in land use, productive capacity of the land and regional communities;**
- **How they integrate within water resource planning arrangements and existing agreements; and**
- **Support from existing water entitlement holders, if there are reliability impacts.**

⁷ NSW Government, 2024. Alternatives to Buybacks Plan, page 20.

⁸ Intergovernmental Agreement on Implementing Water Reform in the Murray Darling Basin, 2013 – amended in 2017 and 2019. <https://federation.gov.au/sites/default/files/about/agreements/iga-on-implementing-water-reform-mbd-9-august-2019.pdf>

⁹ PC, 2004. Final Report into 5-year Implementation of the Murray Darling Basin Plan, page 98.



Voluntary Water Purchase.

Improved transparency and strategy

The NIC does not support the use of direct water purchases towards the 450GL program and encourages the design and implementation of alternatives options, to avoid the use of this mechanism. Given the recent challenges with the Bridging the Gap program, which despite offers from farmers did not meet its initial target¹⁰ and the poor viability of the market to deliver on the forecast shortfalls¹¹, the Australian Government will have to invest in alternatives to voluntary water purchases, whether they want to or not.

How the Australian Government is going to address the statutory requirements now within the Water Act 2007 (Cth) where the Minister must ‘consider socio economic’¹² implications of any water purchase program for the 450GL is critical to demonstrate to the Australian Parliament and community. The draft framework has been developed with no understanding of the process, assessment and monitoring relating to this requirement, nor how it will be communicated. This must be outlined before any purchase program begins.

Recommendation: Further information on how the Australian Government will meet its statutory obligations to consider socio economic implications of water purchase towards the 450GL program, including the process, assessment, and reporting must be provided.

Further to the above, the PC in their Final Report outlined the need for the renewed recovery approach¹³. Notwithstanding the PC has only just provided their final recommendations, the draft framework does not meet our expectations of the intent of the PC recommendation and further work is required.

The PC has repeatedly warned that in “[t]he absence of a credible delivery pathway for the 450 GL/y over the next four years – including catchment-specific targets – provides no certainty to Basin communities or water market participants, potentially undermining planning and investment decisions. The government risks being seen as just chasing a volumetric target, with no interest in the consequences or enough focus on the outcomes sought.”¹⁴

The Australian Government must be more transparent about its purchase strategy and how it will meet its own key criteria of environmental utilisation, minimising socio-economic impacts and value for money. More information on the likely types of entitlements, their location, environmental utilisation and when they will be targeted, will be critical to design targeted structural adjustment packages and demonstrate how the government is meeting its statutory obligations.

We support the update of the framework in line with the PC’s Recommendation 2.4 and our recommendations within this submission.

Program design principles.

We offer the following to ensure future delivery of any purchase program, includes lessons learned from past programs.

¹⁰ National Irrigators Council Media Release, 2024. NSW confirms buybacks not the answer
<https://www.irrigators.org.au/nsw-confirms-buyback-not-the-answer/>

¹¹ PC, 2004. Final Report into 5-year Implementation of the Murray Darling Basin Plan, page 82-83.

¹² Section 86ADB, Water Act 2007 (Cth).

¹³ PC, 2024. Final Report into 5-year Implementation of the Murray Darling Basin Plan, page 97 – 100.

¹⁴ Productivity Commission, 2023. Interim Report into the 5-year implementation of the Murray Darling Basin Plan
<https://www.pc.gov.au/inquiries/completed/basin-plan-2023/interim>



The evidence is consistent¹⁵ that the scale and pace of any purchase program can have detrimental impacts on the regions that the water is recovered from. The priority, sequencing, scale, transparency and communication of any purchase programs is therefore critical to consider in program design. It is imperative that program design is tailored to account for the unique characteristics of each region within the Basin, including market connectivity, economic diversity, size, and remoteness. Detailed regional analysis is essential to assess the potential consequences of water purchases within the specific context of each community and the historical scale of water recovery efforts.

The key reasons for better understanding the potential impacts, is to ensure that the program design aims to avoid negative third-party impacts on remaining irrigators. This is important in both irrigation delivery networks and private diverters, when the viability of their region can be threatened due to ongoing reductions in water available for production.

For purpose-built irrigation networks, a reduction in shareholders means the remaining operational and infrastructure costs must be shared with fewer participants, threatening ongoing viability. Targeting private diverters does not address this risk, as individuals in some areas can remove their rights from the developed scheme and sell independently.

For private diverters, depending on where the entitlement is purchased and then delivered, has the potential to affect river losses and delivery efficiencies. This in turn, may result in less water available at the time of allocation announcements, leaving less water to be shared and allocated. Thus it is important to consider, how a purchase may impacts future water delivery and costs on remaining irrigators will be required.

Recommendation: Voluntary water purchase program design should include a principle of avoiding negative third-party impacts on remaining water entitlement holders.

It is important that governments also acknowledge that there will be immediate and longer-term market implications when the volume of water available for irrigation is reduced again. How they behave when they enter the market can help to avoid undue third-party impacts. We encourage clear and upfront communication around timing and targeted volumes, and progress analysis about market performance, to improve awareness about the observed and likely. It is encouraged that the Australian Government show leadership in their interactions with the market and be early adopters of their own water market rules included in the Restoring our Rivers bill 2023.

Recommendation: The Australian Government should be an early adopter of their own Market Reform rules.

Lease options.

The lease examples provided by the framework are very binary and simplistic, compared with the range of leasing arrangements and methods, which are being used commercially by water entitlement owners and farming businesses already. Some examples, include but not limited to:

- The farmer leases all allocations to the Commonwealth Environmental Water Holder during a period.
- The CEWO could have an ongoing option to a maximum volume of a farmer's allocation at a specified time – time of year, seasonal conditions.
- The CEWO could own the water and lease it back to a farmer, during certain seasonal conditions or for example, until constraints are addressed to allow the delivery of that water effectively.

The benefit of lease allows for the farmer to retain the asset, while the CEWH can have immediate use of water for environmental purposes. Providing more options to both the

¹⁵ PC, 2024. Final Report into 5-year Implementation of the Murray Darling Basin Plan, page 92.



farmer and the CEWH. It could also provide the opportunity to further assess possible community impacts whilst meeting the environmental objectives. Lease is also a cost-effective option for the government. It could provide income on the one hand (if CEWO leases water back) or a more consistent stable market price to be paid for the allocation, free from market variability.

A barrier to implementing lease arrangements (and even temporary allocation water purchase) is how the leased water is attributed to meeting the Sustainable Diversion Limits. Whilst a barrier, this is not an insurmountable issue but rather needs the establishment of an additional accounting mechanism to include an ability to calculate and allocate to the SDL, the long-term average annual equivalent of the leased (or allocation) portion. We recommend a process to account for leased water is established.

Recommendation: The Australian Government establish an expanding leasing program and establish a mechanism to account for the volume of water leased towards an SDL.

Over-recovery.

It is our understanding that the number of over-recovered valleys is increasing due to progress on Bridging the Gap purchase program and the finalisation of water resource plans. There is a risk that with a reinvigorated supply measure program, the number of valleys being considered over recovered is likely to increase.

The draft framework simply assumes that water purchased in excess of what was required to meet Sustainable Diversion Limits (SDL) can be repurposed to count towards the 450 GL target. This lacks strategy and ignores that some water resource plans remain unapproved and SDLAM progress is unclear. There is also no guarantee that an over-recovered valley today, will be in two years' time (if a supply or constraint program falls short) or if that over recovered water will provide enhanced environmental benefit as the 450GL program is meant to achieve. The framework does not detail if the Australian Government, considered whether an over-recovered region is disproportionately contributing to the 450GL program and if that is equitable.

At face value, it appears, the Australian Government could decidedly over-purchase water in valleys and merely repurpose this water without meeting any of the statutory or 450GL program criteria. This is clearly unacceptable and why a detailed water recovery strategy (as recommended by the PC), has been recommended as part of this submission. This strategy must include how over-recovered water is calculated and assessed to meet the 450GL program criteria. Until such time that this strategy is developed and there is clarity around the shortfall risks in all remaining Basin Plan programs, then we support delaying the reconciliation of any over-recovery.

OVER-RECOVERY IN THE MACQUARIE VALLEY, NSW

The Macquarie Valley catchment area has been the subject of over recovery of water under the Murray Darling Basin Plan since 2014.

MDBA reporting has the valley at 39-gigalitres.

This is the equivalent of 16,000 olympic swimming pools and equates to approximately \$90 million of lost production per annum just at the farm gate alone.

The impact affects not only producers, but local communities. From lost local employment, population decline in small regional towns, business closures and increased pressure on community resources like schools and medical services.

The Macquarie area includes the larger townships of Dubbo, Wellington, Narromine, Trangie, Warren, Cobar and many other smaller villages.



As we have recommended for the existing over recovered valleys, the Australian Government must consult with the affected communities about their status as an over-recovered valley before any reconciliation.

Recommendation: The Australian Government must consult with affected over recovered valleys.

Sustainable Communities Program

We welcome the acknowledgement that the impact of reducing water for irrigation will have on regional communities through the provision of the community adjustment funding and the prioritization, of other tools to achieve water recovery targets over and above buybacks. We anticipate the updated Regulatory Impact Assessment will outline the forecast costs and impacts of the amended approach to the Murray Darling Basin Plan.

However, there are challenges ahead when we consider the design and principles of any adjustment program. Most notably, there are very few examples where these programs have worked to provide enduring assistance rather than an initial economic boost, referred to by many Local Government Mayors, as a sugar hit for the community.

The challenges include:

- Predicting which communities are most at risk to provide early intervention, given:
 - The buyback program is driven by willing participants, which could be anywhere in the Basin.
 - The southern basins interconnected water market.
- Providing enduring new or alternative industries when agriculture is their livelihood.
- Significant on-farm efficiencies have been made, meaning opportunities to improve production with less water are diminishing.
- Accounting for the impacts of past reforms and how that influences the resilience of a community, noting that the principles do not consider the cumulative impact of water recovery and many communities are at their threshold for absorbing further reductions to water, which will impact their economy of scale, access to services and resources including skilled staff.
- Managing the discrepancies of modelled impacts versus the lived experience of those in a community, and how both forms of evidence are important.
- Recognizing that there is a proportion of the population that will remain in a regional community, regardless of the changes in water availability or if they become unemployed.
- Consideration of the possible lag in impacts, depending on the type of water entitlements removed and other factors such as climate, carryover conditions and trade.

Considering these challenges, we are not convinced that the draft community adjustment principles will be adequate to the task ahead.



For example, Principle 1 seeks to focus on job creation and sustainable economies. While we agree the program should seek to ensure there is equivalent economic activity in a region, with or without buybacks. The practicalities of this objective will be limited given the remoteness of some communities, the limited alternative uses for land – particularly, in areas that have been purposes built for irrigation and compounding factors such as skills, education and health service availability in the region, which compound regional development options. Even the most passionate community leader will say, if there was a new and exciting business opportunity, it would have been tried and be operational, already. The principle should also seek to improve the resilience of the remaining farmers and community, to adapt to less water. This is critical in ensuring the long-term sustainability of regions who will continue to rely on farming and agriculture.

These localized issues are why Principle 2, 4 and 5 are incredibly important. Only through genuine place-based solutions that look beyond, providing funding to make the town appeal to tourists, will some communities have the opportunity for genuine alternatives. However, we recommend that the options for adjustment are broadened beyond funding suggested and consideration is given to trialing other economic incentives for regional businesses to adapt to less water and seek to maintain economic activity or improve resilience of a community. This would allow funding to span beyond, just grants but allow a focus on a broader range of issues facing regional businesses, agribusinesses and their communities. Such as but not limited to, regional business deposit scheme (akin to a farm management deposit), regional startup grants, relocation subsidies for businesses moving to a regional location, electricity and technology subsidies, targeted travel and study support options that keep regional people in the regions.

Recommendation: DCCEEW broaden community adjustment funding beyond one-off grants program and looks at broader and integrated economic measures, to encourage new businesses and reduce barriers to keeping people in our regions, with a focus to enable communities to adapt to less water.

We have concerns with Principle 3 – Proportionality as a measure of funding to be provided. It appears to ignore the cumulative impacts of past water recovery and does not consider the sensitivity of a region or community to further water reductions. This is why a detailed strategy and community assessment is needed to inform the sustainable communities program. For example, the volume of water purchased towards the 450GL may be small volumetrically, but this could result in a cumulative reduction that undermines the economy of scale of that community to operate effectively. The converse is to wait for

DRAFT COMMUNITY ADJUSTMENT PRINCIPLES

1. Support diversification and resilience – Support transition of regional communities to prepare for a future with less water. – Focus on job creation and sustainable economies.
2. Place-based – Place-based and focused investment. – Engage local people as active participants in development.
3. Proportionality – Investment to each state proportional to water purchased. – Investment in each community proportional to impacts observed.
4. Co-design – Co-design across government. – Consultation with communities, First Nations, local government, and regional industries.
5. Strategic alignment – Consistent with Commonwealth Regional Investment Framework. – Aligned with regional and First Nations' priorities and plans.
6. Transparency and integrity – Clear outcomes and objectives, and value for money. – Transparency through administration and evaluation.
7. Evidence-based – Underpinned by agreed evidence and data.



impacts to be observed before funding is provided but this is not recommended given the need for early intervention to assist communities. We therefore recommend that proportionality should be measured not against the volume of water purchased or the impacts observed but should also include a measure of a community's vulnerability to water recovery or a resilience index assessment, of which there are various options available.

Recommendation: Sustaining Basin Communities Principle 3 – Proportionality is expanded to consider a community or regions, vulnerability, or resilience to additional water recovery, in addition to the volume and impacts expected and/or observed.

Further clarity is required on Principle 7 and how the Australian Government values the lived experience of those within the regions and balances this with modelled data and what actual data is used. As seen with the original Regulatory Impact Assessment of the Murray Darling Basin Plan and the subsequent evaluation of socio-economic impacts, there can be wide ranging discrepancies between the modeled versus the actual impact, which must be acknowledged and rectified, if modelled data alone is being used to inform decisions about funding. We recommend further information is provided on the data sources and how regional communities experiences including First Nations, will be incorporated into decision making.

Recommendation: DCCEEW provide further information is provided on the data sources and how regional communities experiences including First Nations, will be incorporated into decision making.

Conclusion.

We thank the Department of Climate Change, Energy, Environment and Water for the opportunity to provide input on behalf of our members into their draft framework for delivery the 450GL of additional environmental water under the Murray Darling Basin Plan.

Our submission has outlined 16 recommendations for consideration by the Australian Government and the DCCEEW in the ongoing development of the 450GL framework and existing SDLAM program. It emphasizes the importance of not losing sight of the broader elements of the Basin Plan and calls for a more integrated approach utilizing all available tools to achieve its objectives. The submission highlights the need to support communities in adapting to reduced water availability through economic diversification and enhancing the resilience of irrigators, businesses, and communities. Ensuring transparency and accountability in the delivery of programs is crucial, as is leveraging past experiences to guide future initiatives. While welcoming the opportunity to contribute to the draft framework, the submission stresses the necessity for further work, strategy refinement, and detailed planning.

We are committed to working with the Australian Government and DCCEEW, to ensure the best opportunities to finalize the Basin Plan are available that maintain and protect the prosperity of our regional communities and agricultural businesses.

Ends.

