



## Office of the Chief Executive

TRIM Ref: D15/63372

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### **Inquiry into the Water Act Amendment Bill 2015 Submission by the Murray-Darling Basin Authority**

#### **Introduction**

The Basin Plan, which was made in November 2012, is about achieving a healthy, working Basin. At the heart of the Plan is the need to ensure that water is shared between all users, including the environment, in a sustainable way.

To do this, the Basin Plan puts a new limit on the amount of water that can be taken in the Basin for consumptive use – the sustainable diversion limit (SDL). This limit will come into effect in 2019, and will be embedded in State water resource plans.

In order to rebalance the use of water for consumption and the environment, 2750 GL of surface water is being progressively recovered from across the Basin. The final amount of water recovery may be modified as a result of current review activities, namely the so-called SDL adjustment mechanism and the northern basin review, both of which are scheduled to report in mid-2016. The process of water recovery is sometimes referred to 'bridging the gap' between the old and new diversion limits.

#### **Recovering Water**

The Basin Plan does not specify how the water recovery must occur, but the two key ways are through purchasing water from entitlement holders, or investing in more efficient irrigation infrastructure and returning some of the water savings to the environment.

While water purchase is generally acknowledged as the most cost efficient way to recover water, investment in more water efficient infrastructure can provide greater long term benefits for irrigation industries and communities.

As at 30 June 2015, MDBA estimates that the contracted water recovery across the Basin was 1,950 GL, or 71% of the 2750 GL target. This volume comprises 1162 GL recovered through water purchasing, 577 GL from Commonwealth infrastructure projects and the remaining 211 GL from other sources, including state recovery projects.

The Water Amendment Bill 2015 proposes to cap the purchase of water entitlements at 1500 GL, leaving the remainder to be recovered through infrastructure projects. This would permit up to a further 338 GL of water purchasing, given the current volume of purchased entitlements.

MDBA recognises that decisions regarding the balance between water purchase and infrastructure investment are appropriately made by the Government. Notwithstanding this, the Authority supports the proposed amendment and when advising governments has consistently advocated the merits of investment in irrigation infrastructure as a means of helping to enhance the productivity of irrigated agriculture and thereby help mitigate the social and economic impacts of the Plan on irrigation-dependent communities.

### **Adjusting the Sustainable Diversion Limit**

#### *Reducing the recover target through supply measures*

The Basin Plan includes provision for a one-off adjustment to the SDL in 2016, provided that the environmental, social and economic outcomes sought by the Basin Plan can be maintained or improved.

The SDL adjustment mechanism provides for Basin governments to come forward with a package of projects (known as supply measures) by June 2016, which would enable equivalent environmental outcomes to be achieved using less water. These may include, for example, environmental works that would allow a wetland or floodplain to be inundated using less water.

MDBA has worked with CSIRO and state governments to develop a scientifically robust, peer reviewed method to assess proposed supply projects and determine the volume of water savings they can realise while ensuring they will deliver equivalent environmental outcomes.

Any adjustment to the SDL from supply measures will reduce the volume of the water required to bridge the gap, and so directly influence the amount of water the Government will need to recover through infrastructure investment, beyond the 1500 GL cap.

The actual amount of adjustment available from supply measures will not be known until mid-2016, and will depend on the number and quality of projects that state governments choose to develop.

#### *Additional recovery through efficiency measures*

The Basin Plan also provides for governments to bring forward efficiency measures, which can recover and provide more water for the environment without negative social or economic impacts. They include improving the efficiency of on-farm irrigation and transferring the water savings for environmental use. The Commonwealth has set aside funding to invest in efficiency measures to recover up to a further 450GL of water for the environment.

MDBA supports the proposed amendment to section 7.17(2) of the Basin Plan that would extend the current approach for the participation of consumptive water users in on-farm efficiency projects, to off-farm projects, to allow more flexibility in the range of proposals that may be considered as efficiency measures.

MDBA would be pleased to appear before the Committee should any clarification or further or information be required on the matters covered in this submission.

Yours sincerely

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Chief Executive

30 July 2015