



National Irrigators' Council

Food · Fibre · Future

Submission

WATER FOR THE ENVIRONMENT
SPECIAL ACCOUNT

To Independent Panel for the Third
Review of the Water For the
Environment Special Account
August 2025

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About us

The National Irrigators' Council (NIC) is the peak industry body for irrigated agriculture in Australia. NIC is the voice of irrigation entitlement holders, water delivery operators and industries involved in food and fibre production across the nation for domestic consumption and significant international trade. Put simply, our industry feeds and clothes Australia and our trading partners.

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Introduction

This third Water for Environment Special Account (WESA) review comes at a critical time for the implementation of the Murray Darling Basin Plan, and the review and design of the Basin's future policy settings. This review of the WESA cannot be undertaken in isolation of the impending legislative steps such as the 2026 Basin Plan Review and SDL Adjustment Mechanism (SDLAM) Reconciliation, the 2027 expiry of the WESA itself and the Water Act Review, as well as the likely renewal of the National Water Initiative (NWI).

For this reason, the Panel has a timely role in providing critical independent oversight to the effectiveness of the current policy settings and progress and barriers to implementation.

Much has changed since the last review.

We are deeply concerned by the politicisation of the use of WESA funds, which is now about a political numbers game, rather than its intended purposes of enhancing environmental outcomes (specifically within Section 86AD of the Water Act) with neutral socio-economic impacts. Independent review is critical to ensure public funds under WESA are used to improve environmental outcomes in a cost-effective, fit-for-purpose, effective, transparent, value-for-money and deliverable manner.

We are concerned that the inter-dependencies of the SDL Adjustment Mechanism (SDLAM) has been lost or misunderstood. We contend there is a misconception that



“the 450 GL” is an essential fixed target of the Basin Plan – rather, “the 450 GL” is an interlinked part of the SDL Adjustment Mechanism, which enables up to a 5% variation to SDLs in the Southern Basin. It is a maximum that a government must take all reasonable steps to achieve. The pursuit of a fixed target has meant the program has become detached from enhancing environmental outcomes.

These above issues have led the Australian Government to poorly prioritise their actions in utilising the WESA. This is reflected in the focus on acquiring additional Held Environmental Water (HEW), despite the lack of progress (and extended timeframes) for measures to better deliver environmental water through supply or constraints projects, and growing evidence pointing to a need to address non-water issues through investment in complementary measures as a higher priority. This must occur before any further water is recovered.

However, since the previous Review, there has been a significant lack of transparency on both water recovery progress, and expenditure, which has impeded stakeholders' ability to properly engage in this process.

As we progress towards the expiration of the WESA, we support greater transparency and a strategic focus on processes that prioritise the use of funds under WESA back to its intended purpose; to community supported constraints and supply measures to enable water to be delivered as intended, and projects that enhance environmental outcomes such as non-flow complementary measures to target the biggest threats to achieving the Objects of the Act (i.e. fish passageways, invasive species control, cold water pollution management, riparian land management, etc) as made clear in the 2025 Basin Plan Evaluation and Sustainable River Audit, just published. Further pursuing additional Held Environmental Water (particularly towards the 450 GL) at this time must be questioned, prior to delivery of these other measures.

We hope this review can take the broader view needed at this time and provide guidance on the next steps of the Basin Plan, that gets back to *outcomes* (not just numbers for the sake of numbers). A failure to re-calibrate the Government's priorities, risks public assets worth billions of dollars being unable to be utilised to their intended effect.

As such, NIC ultimately recommend:

The Independent Panel take a broad view to examine the policy settings and decision-making on the use of WESA funds to achieve enhanced environmental outcomes with consideration of socio-economic impact - to ensure WESA can be used transparently to target priority environmental investments. We encourage you to explore the option to amend the WESA to ensure it can be used transparently to target priority environmental investments such as community-supported constraints measures and investment in non-flow complementary measures as evidence within the 2025 Basin Plan Evaluation and Sustainable Rivers Audit.

We offer the following 16 specific recommendations to further guide the panel's work.



Recommendations

- 1 In the context of the amended legislative requirement to take “*all reasonable steps*” to acquire the 450 GL - identify the *steps* which have been taken to date, but also, as part of determining ‘reasonableness’, identify the legitimate *barriers* that also exist (and other considerations) which may prohibit (or render non-feasible, not cost-effective or not-fit-for-purpose) acquiring the maximum 450 GL.
- 2 Identify what other measures have been used towards “the 450 GL”, other than direct purchases (or re-accounting for historical purchases), and question if:
 - (i) this satisfies the agreement of the States (in which two expressed opposition to further buybacks) and the potential legal / constitutional issues of the Commonwealth acting against the agreement of the States (noting the powers largely remain vested in the states for water management, despite some limited referred powers);
 - (ii) the intention indicated by the Minister at the time of the legislative amendments.
- 3 Provide updated cost-estimates of recovering the full 450 GL, noting new market conditions, market turnover (i.e. the likely need to pay significant premiums now ‘low hanging fruit’ are already purchased), and timeframes.

Determine what can reasonably be considered ‘value for money’, as per the Commonwealth Procurement Rules. Part of this must include:

- (i) determining if the continuation of buybacks despite current SDL compliance (and the achievement of the 62 GL required to achieve the *maximum* offset of 605 GL under SDLAM), is not ‘*commensurate with the scale and scope of the business requirement*’ as required.
 - (ii) determining if the continuation of buybacks despite the lack of progress on constraints measures to enable the delivery of this water (and the existing HEW portfolio) to intended and best effect - and given there is no (or very little) investment in the complementary measures required to achieve the environmental outcomes from this water – can be considered as a use of “public resources in an efficient, effective, economical and ethical manner”.
- 4 Investigates market liquidity and market turnover as part of informing the feasibility of obtaining the full 450 GL, its timeframes, and the likely premium required.

Assess the market impacts of recovering the maximum 450 GL within this timeframe, and whether in the spirit of the new and upcoming water market regulations.

Interrogate how environmental utility is determined when selecting offers, including the process for assessing environmental utility, as part of determining the effectiveness of expenditure of WESA.
- 5 Determine the likely cost for delivering community supported projects to ease or remove constraints on the capacity to deliver environmental water, in the context of the new Constraints Roadmap, including expanded timeframes (up to 10 years), and provide guidance on the prioritisation of funding towards these measures.
- 6 Determine and make public the current registered and contracted volumes of water recovered towards the 450 GL, and the associated expenditure.
- 7 Scrutinise the claimed upcoming purchases that are ‘planned’ or ‘contracted’, including the nature of these reporting categories, and the challenges/barriers/steps that remain involved to securing this water, to independently assess the likelihood



(and appropriateness) of this water becoming registered. Do not assume planned or contracted water will necessarily eventuate to be registered.

8 Recommend at least quarterly reporting of water recovery and expenditure throughout the final stages of implementation.

9 Assess the decision to transfer 'over-recovered' water to the 450 GL, particularly in the context of the Southern Basin, where a SDLAM shortfall will push these valleys into having a new 'gap to bridge' to achieve compliance with the new SDL – i.e. there will be no over-recovery.

Investigate how the funding for the Bridging-the-gap (BtG) over-recovery water has been accounted for now it has shifted from BtG to the 450 GL – i.e. have the funds for this water now been subtracted from the WESA (given they were originally sourced from separate BtG funding)? Was this a proper, or legal, use of these funds?

10 Assess the potential impacts on water recovery progress and volumes of potential changes to LTDLE factors, including (but not limited to) from the accreditation of remaining WRPs or updates to relevant water models.

11 Review the current socio-economic consideration process required now for the 450 GL decision to tender and provide recommendations that these assessments must consider cumulative impacts on local communities and industries.

Review the expenditure on socio-economic and community support programs, in light of the concerns raised in this submission that socio-economic impact assessment significantly downplays the extent of impacts, making these programs grossly insufficient.

12 Recommend that a SDLAM Reconciliation is aligned with updated project delivery timeframes (10 years for constraints), and does not occur prior to this. Premature reconciliation (prior to project delivery) risks important projects not proceeding, and reduced SDLs, with no transparent pathway on how an adjusted SDL would be complied with (and financial limitations of purchasing even more water to make up a shortfall). The panel should provide guidance on the potential costs of recovering the expected SDLAM shortfall (while separate to WESA, this is critical context in terms of the Federal Governments expenditure on this reform).

13 Consider if the current WESA policy settings are fit-for-purpose to achieve enhanced environmental outcomes (Terms of Reference, point 10), given new evidence since the last WESA Review (e.g. 2025 Basin Plan Evaluation) identifies more than "just adding water" is required to achieve further environmental outcomes, and non-water threats are now the biggest hindrance to those further environmental outcomes (i.e. invasive species, barriers to fish passageways, cold water pollution, habitat degradation, etc).

14 Recommend enabling the WESA to be used to fund complementary measures.

Including using the WESA to fund and establish a Taskforce with the objective of determining priority measures to improve environmental outcomes, and to best utilise the existing portfolio of water now owned by the Commonwealth.

15 Assess the ability for 'additional Held Environmental Water' to actually achieve enhanced environmental outcomes, at this point in time, given:
* concerns it has become detached from the original intention (environmental outcomes) as simply a 'numbers game';
*the substantial delays (and expected timeframes) for constraints measure projects to be implemented to actually deliver this water to achieve the intended environmental outcomes; and



* in the absence of the necessary complementary measures that are required to best utilise the asset (HEW) to achieve outcomes.

Additional environmental water should not be purchased until it at least can be delivered to intended effect, and/or clear benefits can be demonstrated from the additional water.

- 16** Recommend the Commonwealth strategically prioritise how the remaining WESA funds are used. For example:
- Prioritise easing or removing constraints to enable existing Held Environmental Water to be delivered to intended effect, prior to further additional water recovery.
 - Prioritise 'essential' components of the Basin Plan prior to additional / discretionary components – for example, given the SDLAM 605 GL is directly tied to SDLs (whereas the 450 GL is considered additional water for the environment, beyond 62 GL), this must be prioritised before progressing with further recovery under the 450 GL. With financial constraints, further water recovery should not progress under the 450 GL until such a time as there can be confidence measures are in place to manage (or ideally prevent) the anticipated SDLAM 605 GL shortfall, which is essential to SDL compliance (the core aim of the Basin Plan).

Prioritise complementary measures prior to any further water recovery, as part of ensuring utility for the investment of both new, and existing, entitlements.

Scope of the review

6. *This review will build upon the second review by focusing on the period between now and when the second review was completed.*

7. *The review will consider whether the amount standing to the credit of, and to be credited to, the WESA is sufficient to:*

- a) increase, by 31 December 2027, the volume of the Murray–Darling Basin (Basin) water resources that is available for environmental use by 450 GL; and*
- b) ease or remove constraints identified by the Murray–Darling Basin Authority on the capacity to deliver environmental water to the environmental assets of the Basin.*

8. *In conducting this review, the panel will also consider:*

- (a) the progress that has been, and is anticipated to be, made towards increasing the volume of the Basin water resources that is available for environmental use;*
- (b) whether the design of projects in relation to which payments have been made under section 86AD is likely to be effective in increasing the volume by 450 GL of the Basin water resources that is available for environmental use; and*
- (c) any other matter specified in writing by the Minister that is relevant to achieving the object of this Part.*



9. In conducting this review, the panel must also consider the effectiveness of the following:

- (a) payments made, or expected to be made, under paragraph 86AD(2)(c) in relation to a purchase referred to in paragraph 86AD(2)(b);
- (b) payments made, or expected to be made, from other sources in relation to a purchase referred to in paragraph 86AD(2)(b).

10. The panel may consider if the current WESA policy settings and budget are sufficient to deliver the 450 GL of water to achieve enhanced environmental outcomes and to ease or remove constraints on the capacity to deliver environmental water.

11. Section 86AJ(6A) of the Water Act requires the panel to provide the Minister a written report of the third review by 30 September 2025.

This submission is structured based on each of these points from the Terms of Reference.

Submission

1) Context

6. This review will build upon the second review by focusing on the period between now and when the second review was completed.

This section will outline two key changes since the last WESA Review:

- (i) There has been a shifted focus on the 450 GL – and a misunderstanding of the interplay of the 450 GL as part of SDLAM.
- (ii) The Restoring our Rivers Act (RoR).

1a) Context of the 450 GL

The 450 GL is not a mandatory fixed target

NIC is concerned that the 450 GL has become misinterpreted and lost from its interconnected function within the SDLAM mechanism. Our view that “the 450 GL” is not a fixed target is based on:

- Only 62 GL of the 450 GL is required to reach the full SDL offset of 5% (605 GL) and this is exceeded, whilst a shortfall on supply/constraints projects is almost inevitable (meaning less than 62 GL would be required to enable the offset).
- The legislation requires the Minister to take “all reasonable steps” to acquire the 450 GL and it will be important for the Panel to document the steps which have been taken to date, but also, as part of determining ‘reasonableness’, to document the legitimate barriers that exist, and other considerations, which



may prohibit (or render non-feasible, not cost-effective or not-fit-for-purpose) the full 450 GL.

The complex interplay of SDLAM up-water and down-water is explained below.

Box – SDLAM Background

- In 2017, surface water SDLs in the Southern Basin were adjusted on the basis that 'SDLAM projects' would come into operation, offsetting the need for greater reductions.
- The original timeframe for these projects to be operational was 30 June 2024, but this was extended to 31 December 2026 as part of the *Restoring our Rivers Act*.
- The package of measures increased the SDLs by 605 gigalitres per year (GL/year). This was based on outcomes from a package of 36 supply and constraints measures. Note: this is assessed as a total package, not individual projects.
- The Basin Plan limits the amount that SDLs can be adjusted, to up or down by 5%.
- At the time of the original determination, the Basin-wide SDL was 10,873 GL, so 5% of this is approximately 543 GL.
- Therefore, a minimum of 62 GL of additional water savings through efficiency measures or additional held environmental water is required to pass the 5% rule (i.e. from "the 450 GL"), and achieve the full effect of the 605 GL.
- SDLAM enables efficiency measures to be progressively developed until 2026, and additional held environmental water to be acquired until 2027.

Instead, particularly in recent times, we have observed a misunderstanding of the 450 GL as a fixed target of the Plan, rather than part of the flexibility built into the Plan via SDLAM.

In our view, what is 'compulsory' under the Basin Plan is achieving SDL compliance. To the extent that SDLAM is related to achieving SDL compliance, those components we do consider essential are those related to achieving SDL compliance (i.e. 62 GL of the 450 GL, to enable the full 605 GL). Currently, this minimum requirement of 62 GL to enable the full 605 GL offsets is already achieved, despite the very likely event that not all of the 605 GL offset target will be achieved. This further supports the case that not the full 450 GL is legally required.

Water recovery beyond what is required to achieve SDLs, is in our view, 'additional' or discretionary. This goes back to the design and functionality of SDLAM, as an option to give flexibility to vary SDLs up or down by 5% - it is not a fixed target.

We note our view is shared by Ricardo, in their 2025 Water Markets Report:

"While the 605 GL SDLAM recovery is legislated under the Basin Plan, the recovery of the 450 GL additional environmental water is an in-principal agreement between Basin states and the Commonwealth. In its first term, the Albanese Government had



pledged to recover the full 450 GL; however, there is no legislated requirement for this.”¹

We note that government officials may have a different interpretation of this legislation, which sees the 450 GL as mandatory. In our view, such an interpretation is more a reflection of politics and or ideology, than a reflection of an understanding of the complexities and operations of the Basin Plan, and certainly not a reflection on what is required to achieve and optimise environmental outcomes in the Basin. We urge the panel to see through the politics.

Unpacking ‘all reasonable steps’

NIC is of the understanding that the 450 GL is not “compulsory”, rather, that the Minister must take “all reasonable steps” within the timeframe and financial constraints. This is an important distinction. It is important that the panel clearly articulate the steps the Government is taking in their pursuit of the additional 450GL environmental water, as well as the barriers to acquiring it.

In our view, the interpretation of ‘all reasonable steps’ involves both those actions towards this outcome, as well as those barriers which may constrain the full achievement of the outcome (despite best endeavours), that may render the full outcome as non-feasible, no longer fit-for-purpose or cost-effective. This is a key part of documenting ‘reasonableness’. For example, if despite best endeavours to obtain this water, the cost proves excessive (not a good value for taxpayers money), it may be *reasonable* for Government to determine that funds are better invested in complementary measures, or prioritised towards constraints measures, to achieve outcomes from the existing portfolio of HEW.

Division 4B — Increasing water for environmental use by 450 gigalitres

85AC Minister must increase water for environmental use

The Minister must take all reasonable steps to increase the volume of the Basin water resources that is available for environmental use by 450 gigalitres per year before the end of 31 December 2027.

- Note 1: This obligation does not detract from the Commonwealth’s ability to achieve any surface water recovery targets that it has set for itself.
- Note 2: The Basin Plan refers to the addition of 450 gigalitres per year of environmental water above the 2750 gigalitre benchmark conditions of development (see paragraph 7.09(e) of the Basin Plan).
- Note 3: The Minister can increase the volume of water available for environmental use, for example, by entering into arrangements on behalf of the Commonwealth to purchase water access rights (see section 86AF).

Recommendation	
1	In the context of the amended legislative requirement to take “ <i>all reasonable steps</i> ” to acquire the 450 GL - identify the <i>steps</i> which have been taken to date, but also, as part of determining ‘reasonableness’, identify the legitimate <i>barriers</i> that also exist (and other considerations) which may prohibit (or render non-feasible, not cost-effective or not-fit-for-purpose) acquiring the maximum 450 GL.

¹ 2025 Ricardo Water Markets Report



1b) The RoR Act

As outlined in the Terms of Reference, the RoR Act (commenced on the 7 December 2023) has made a number of changes since the last WESA Review. The RoR Act made changes to the Water Act 2007 and Basin Plan 2012. Changes included (but not limited to):

- Expanded the type of measures (e.g. water recovery) that can deliver 'the 450 GL' of additional environmental water;
- Removed the application of the socio-economic neutrality test in section 7.17 of the Basin Plan to water purchases towards the 450 GL (the test remains for efficiency measures projects) – instead, the “Minister must consider the social and economic impact” (a lower requirement);
- Extended the timeline to deliver the Basin Plan 450 GL target (last date contracts can be entered into to achieve additional water for the environment towards the 450 GL target is 31 December 2027);
- Repealed the statutory 1,500 GL cap on Commonwealth water purchases (noting that 1,228 GL had been purchased by the Commonwealth at the time);
- Extend the deadline for completion of SDLAM supply projects by two and half years (to 31 December 2026), as well as more time for new SDLAM projects to be proposed (to June 2025);
- Provide new powers to the Inspector-General of Water Compliance (IGWC);
- Legislate water market reforms.

The RoR Act – has not delivered the flexibility and new approaches promised

The RoR Act followed a Ministerial Agreement earlier that year (agreed by all Basin states, except Victoria, and with conditions by NSW), as well as public consultation (by both the Federal and NSW Governments) on options to deliver the Basin Plan, and calls to stakeholders to put forward new and innovative ideas.

The notion of flexibility and 'all options on the table' is reflected in the explanatory memorandum to the RoR Act:

“For this reason, it is necessary to expand the type of projects that can deliver the 450 GL target. This would allow a range of new measures to be used to deliver the target including, but not limited to, water purchases, land and water purchase packages, transferring over-recoveries (if applicable) and other projects.”²

However, while there was clear intent for a range of options to be used for the 450 GL, there has been a definite focus on just water purchases. Whilst 'programs' were rebranded and new applications requested, we are aware of very few, examples of other non-purchase measures towards this 450 GL target. Alternative programs have been undermined by Departmental and inter-governmental processes. We believe this is acting in bad-faith, against what was expressed by jurisdictions in signing the preceding Ministerial Agreement, contrary to the second-reading speech by the

² [ParlInfo - Water Amendment \(Restoring Our Rivers\) Bill 2023](#)



Minister at the time, and contrary to what was communicated to stakeholders across numerous public consultations.

We also highlight water management remains within the powers of the States, with very limited powers voluntarily referred to the Federal Government under agreements – therefore, the Federal Government acting in contradiction to the requests and agreements of the states is testing their constitutional powers and actual jurisdiction. We encourage the Panel to explore this further, in the context of the Federal Government (at least) acting in bad-faith towards the states by not abiding by this agreement and forging on regardless of the positions of the States on further buybacks. This raises a number of potential legal and constitutional challenges.

Recommendation	
2	<p>Identify what other measures have been used towards “the 450 GL”, other than direct purchases (or re-accounting for historical purchases), and question if:</p> <ul style="list-style-type: none">(i) this satisfies the agreement of the States (in which two expressed opposition to further buybacks) and the potential legal / constitutional issues of the Commonwealth acting against the agreement of the States (noting the powers largely remain vested in the states for water management, despite some limited referred powers);(ii) the intention indicated by the Minister at the time of the legislative amendments.

2) Whether the amount will be sufficient

7. The review will consider whether the amount standing to the credit of, and to be credited to, the WESA is sufficient to:

- a) increase, by 31 December 2027, the volume of the Murray–Darling Basin (Basin) water resources that is available for environmental use by 450 GL;*
- and*
- b) ease or remove constraints identified by the Murray–Darling Basin Authority on the capacity to deliver environmental water to the environmental assets of the Basin.*

2a) Lack of transparency on financial reporting

NIC is highly concerned by the lack of transparency on the progress to date of water recovery and limited clarity on financial allocations and expenditure.

The *2024-2025 Budget Paper Number 2* indicated new expenditure towards implementing the Murray Darling Basin Plan, some of which is managed directly by Treasury as ‘nfp’ (not for publication) - see below.



Murray-Darling Basin Plan – continuing delivery

Payments (\$m)	2023-24	2024-25	2025-26	2026-27	2027-28
Department of the Treasury	-	nfp	nfp	nfp	nfp
Department of Climate Change, Energy, the Environment and Water	nfp	nfp	nfp	nfp	nfp
Total – Payments	-	-	-	-	-

This approach continued in the *2025-2026 Budget Paper Number 2* on page 25, with the following statement.

Continuing Implementation of the Murray-Darling Basin Plan

Payments (\$m)	2024-25	2025-26	2026-27	2027-28	2028-29
Department of Climate Change, Energy, the Environment and Water	-	nfp	nfp	nfp	-

The Government will provide funding over three years from 2025–26 to continue implementation of the Murray-Darling Basin Plan through additional voluntary water purchases that will contribute towards better environmental outcomes under the Basin Plan.

The financial implications of this measure are not for publication (nfp) because they would impair the Commonwealth’s position in negotiating contracts.

This measure builds on the 2024–25 MYEFO measure titled *Murray-Darling Basin Plan – additional funding*.

The Water for the Environmental Special Account is then further broken down in the *2025-26 Budget papers Number 3* page 101 indicated:

Table 2.9.2 Water services and infrastructure^(a)

\$million	2024-25	2025-26	2026-27	2027-28	2028-29
National Partnership payments					
Great Artesian Basin Water Security Program	3.2	8.5	10.6	9.7	-
Implementing water reform in the Murray–Darling Basin	12.9	12.3	10.2	6.1	-
Improving compliance in the Murray–Darling Basin	8.6	9.0	4.3	-	-
Restoring the upper Murrumbidgee River program	5.0	7.3	6.0	1.0	1.0
Sustainable rural water use and infrastructure program	413.4	383.9	321.7	-	-
Water for the Environment Special Account					
Implementation of Constraints Measures	12.5	23.0	72.0	-	-
Off-farm Efficiency Program	8.0	-	-	-	-
Resilient Rivers Water Infrastructure Program	150.5	151.5	140.0	55.0	-
Sustainable Communities Program	15.1	55.1	72.2	56.6	-
Total	664.2	716.2	702.6	201.7	1.0
a) Total figures include items not for publication.					

The above table again hides some items, as they are not for publication.



The use of 'nfp' is a new measure by the Australian Government. This is despite budget allocations for purchases, community programs, infrastructure and all other measures being tabled previously.

These tables suggest actual and forecast expenditure of \$740 million from 2024-2025. Previous budget papers had expenditure of around \$762 million and the previous review in 2021 found \$56 million³ was spent, this means total expenditure *could* be estimated at \$1,555.3 billion. However, it is unclear on what is actual versus forecast in some years and the Government tended to over-estimate expenditure, particularly on off-farm efficiency measure program and constraints which were not realised. Whilst it is difficult to ascertain, we believe there could be additional unbudgeted funds available in the WESA that could be repurposed towards new programs.

What remains unclear is if the funds for the current 450 GL tender programs have been withdrawn. This includes the \$120 million under the first 70GL of the 450GL program tenders and \$121 million registered for the large portfolio tenders (as of 31 July 2025).

If one assumes as the budget papers suggest that recent purchases towards the 450 GL program are not being withdrawn from the WESA, the analysis above suggests there are remaining funds available which could be used to contribute to new programs that can directly address emerging issues in the Basin such as complementary measures.

It will be important for the panel to understand if and why there are unbudgeted funds available in the WESA, given the breadth of projects and ideas that have been presented to Government throughout various stages of implementation.

However, the lack of transparency and uncertainty over what is withdrawn from the WESA versus from other streams, undermines the ability for all stakeholders to contribute to key terms of reference of this review and is not in the spirit of providing transparent and accountable governance of government funds and programs – see more in Section RoR Act and Purpose below.

2b) The need for updated cost estimates

The need for updated costs for “the 450 GL”

The second WESA Review found:

“Putting aside program and timing limitations, the estimated cost to recover the full 450 GL through efficiency measures is between \$3.4 billion and \$10.8 billion.”

Given market trends since the last review, we anticipate this range to have increased. It is also important to note that most of the 'low hanging fruit' has now been recovered, meaning increasing premiums will be required to attract new willing sellers. It will be critical for the panel to provide updated estimates of the costs to obtaining the full 450 GL.

³ [Second review of the WESA](#), page 29



We understand that premiums of 15-30% are already being offered, but to get further interest, these premiums will have to go even further. This will make the value for money assessment crucial. It must also prompt consideration of the feasibility for this water to actually be recovered, particularly within the timeframes, given market liquidity.

The need for updated costs given the Constraints Roadmap

In 2023, as part of the RoR Act, the Basin Plan was amended to require the MDBA to prepare a Constraints Relaxation Implementation Roadmap (the Roadmap)⁴ by 31 December 2024.

As part of this review, NIC seeks independent review of the financial requirements and arrangements for progressing constraints measures, as per the new Constraints Roadmap. Of note, the timeframe indicated by the Roadmap extends beyond the current life of the WESA.

It is also important to note that while the Roadmap has been published, it has not yet been agreed to by States, and there remains uncertainty on the course of action for this program.

In our view, community supported constraints management is an integral part of the Basin Plan to ensure environmental water can be delivered. This must be a priority for the remaining WESA funds, well above recovering even more HEW.

Background

The Roadmap makes 12 findings, and recommended steps to move forward. The full Roadmap can be read here.⁵ Key findings include (but is not limited to):

- Successfully relaxing constraints across the Basin requires a 10-year program
- It is essential to continue to support the delivery of existing constraints projects where good progress is being made
- Governments need to ensure impacted landholders are genuinely involved in the design, delivery and operation of constraints relaxation projects
- The contribution of constraints relaxation to Basin Plan outcomes should be, if possible, recognised through reduced water recovery.

Most constraints relaxation projects form part of the SDL Adjustment Mechanism (SDLAM). Since the volume of the SDLAM offset is determined as a package of projects, the specific contribution of the constraints projects to this 605 GL is unknown.

NIC's positions is:

1. NIC supports the Constraints Roadmap in-principle, noting the initial timeframes were unrealistic. More time and ongoing funding is needed to define a package

⁴ [Constraints Relaxation Implementation Roadmap](#)

⁵ [Constraints Relaxation Implementation Roadmap](#)



of community supported projects* to improve the utilisation of environmental water and maximise the benefits of water recovered from the Murray Darling Basin Plan. These benefits cannot be achieved through more water.

2. NIC recognises constraints projects will have impacts on individuals and communities which must be minimised, mitigated and compensated with their consent.

3. Noting NIC's position that all projects must be community-supported, impacted landholders and communities must have access to sufficient, timely information about increased flow events, to make informed decisions and mitigate impacts.

4. NICs support for the Constraints Roadmap is contingent on maintaining the full 605 GL offset for SDLAM. This means there must be no reductions to SDLs prior to project delivery, which will require aligning the SDLAM Reconciliation Framework to the new timeframes of the Constraints Roadmap.

5. Constraints project implementation is the responsibility of Basin Governments. Communities should not be burdened with water recovery because of Government's failure to implement.

* Note: The Constraints Roadmap outlines a clear policy intention to deliver flows up to a maximum of minor overbank flow levels for short durations, to deliver environmental water. This commitment must be strictly adhered to, in respect of those impacted.

2c) Funding availability in WESA is not the only barrier to delivery

NIC notes there are several significant barriers to delivery, such as value for money, market liquidity, and the ability to actually deliver water as intended.

Value for money

While the review terms of reference looks at whether funds will be 'sufficient', it will be important for the Panel to also take a broad view on whether funds can be used in a way that demonstrates 'value for money' as per Commonwealth Procurement Rules (CPR). The CPR require that procurement achieves a value for money outcome, in that procurement should: use public resources in an efficient, effective, economical and ethical manner; facilitate accountable and transparent decision making; and be commensurate with the scale and scope of the business requirement (amongst others). These rules also indicate that price is not the sole factor in determining value for money, and points to other factors, including (but not limited to) fitness for purpose of the proposal. This also requires consideration of the broader benefits to the Australian economy.

NIC encourages the Panel to review the use of WESA funds against the CPR. Specific concerns include:

- The significant premium required above market value to attract willing sellers;
- The aforementioned lack of transparency on financial reporting (and on water recovery progress) is not aligned with the requirement to facilitate accountable and transparent decision making;
- The continuation of buybacks despite SDL compliance around the Basin.



- The achievement of the 62 GL required to achieve the maximum offset of 605 GL under SDLAM, is not 'commensurate with the scale and scope of the business requirement';
- It is not representative of a 'use public resources in an efficient, effective, economical and ethical manner', given:
 - water purchases are occurring despite the lack of progress on constraints and supply measures to enable the delivery of this water (and the existing HEW portfolio) to intended and best effect; and
 - there is no (or very little) investment in the complementary measures required to achieve the environmental outcomes from this water – this has now been recognised by the MDBA acknowledging 'just adding water' alone is not enough (see below).

It will be critical for the Panel to consider the question of value for money, considering the significant environmental water now available to the CEWH, operation of SDLs, limitations to further environmental outcomes (without complementary measures and constraints relaxation) as well as the increasing prices of further water recovery.

Recommendation	
3	<p>Provide updated cost-estimates of recovering the full 450 GL, noting new market conditions, market turnover (i.e. the likely need to pay significant premiums now 'low hanging fruit' are already purchased), and timeframes.</p> <p>Determine what can reasonably be considered 'value for money', as per the Commonwealth Procurement Rules. Part of this must include:</p> <ul style="list-style-type: none"> (i) determining if the continuation of buybacks despite current SDL compliance (and the achievement of the 62 GL required to achieve the <i>maximum</i> offset of 605 GL under SDLAM), is not '<i>commensurate with the scale and scope of the business requirement</i>' as required. (ii) determining if the continuation of buybacks despite the lack of progress on constraints measures to enable the delivery of this water (and the existing HEW portfolio) to intended and best effect - and given there is no (or very little) investment in the complementary measures required to achieve the environmental outcomes from this water – can be considered as a use of "public resources in an efficient, effective, economical and ethical manner".

Market liquidity

According to the 2025 Ricardo Water Markets Report⁶, the total volume of entitlement transfers or trades (outside of irrigation corporations) was 198 GL (up 47% on 2023-24 of 135 GL).

This must be considered in the context of both future planned water recovery, and anticipated water recovery, as outlined above.

⁶ [2025 Ricardo Water Markets Report](#)



If we accept the DCCEEW figure that indicates they will have recovered 286.6 GL by the end of 2025, this means that 163.4 GL remains (LTDLE; assuming the full 450 GL is to be obtained).

This means DCCEEW will have to purchase the equivalent of more than 100% natural market annual turnover (noting the increase in market turnover in 2024-25 is attributed in the report to Federal Buybacks) for this remaining volume to be achieved.

This is in the context of, prior to the completion of 2025, DCCEEW supposedly having plans to recover 154.5 GL towards the 450 GL target (LTDLE) – also approximately the equivalent of 100% of annual water entitlement market turnover.

Excerpt from 2025 Ricardo Water Markets Report

"In November, the Commonwealth began purchasing entitlements, which significantly contributed to rising price pressures in the market. This was especially evident for Vic 1A Goulburn HRWS, where Duxton's sale to the Commonwealth accounts for over 30% of the total volume traded for the year, sold at a 21% premium to the annual volume-weighted average price (VWAP) for 2023-24."

This means the ambitious plans to recover this water may not be feasible; or, at the very least will require significant market intervention likely resulting in distortion, and require a very high premium to obtain.

Environmental utility

NIC also notes a broken link between the water entitlements purchased, their environmental utility, and links to WESA objectives.

Purchasing water at the lowest cost does increase the volumes of water recovered, but volumes are not a direct reflection of the actual environmental utility of that water, or its ability to meet WESA outcomes.

Environmental utility is shaped by a number of factors, including (but not limited to):

- location,
- existing portfolio of HEW in that location,
- ability for that water to be delivered to intended effect (i.e. constraints measures),
- the existence of complementary measures (such as fish passageways, or riparian land management) in that location to optimise outcomes,
- entitlement type and reliability,
- ability for the CEWH to manage HEW in that area (such as infrastructure and water sharing plan rules),
- environmental demand .

For example, above-choke general-security has a higher LTDLE factor and cheaper price, but then has the challenges of being above the choke.

We do not believe appropriate consideration is being given to environmental utility in purchasing decisions.



NIC encourages the Panel to interrogate how environmental utility is determined, such as the process for assessing environmental utility, as part of determining the effectiveness of expenditure of WESA.

Recommendation	
4	<p>Investigates market liquidity and market turnover as part of informing the feasibility of obtaining the full 450 GL, its timeframes, and the likely premium required.</p> <p>Assess the market impacts of recovering the maximum 450 GL within this timeframe, and whether in the spirit of the new and upcoming water market regulations.</p> <p>Interrogate how environmental utility is determined when selecting offers, including the process for assessing environmental utility, as part of determining the effectiveness of expenditure of WESA.</p>

Constraints

NIC questions the focus of the Government on purchasing water without, or before, constraints relaxation. In our view, the order of operations, or priority, is critically important.

The Productivity Commission's five-year assessment of the Basin Plan⁷ advised that:

*"Achieving the Schedule 5 outcomes requires Basin States to ease or remove constraints to water delivery in the southern Basin, to allow river operators to meet increased demands from environmental water holders. Basin Plan modelling suggested that, **if this does not occur, the extra water would have few additional environmental benefits.**"*

*"the modelling suggested that **without easing constraints to allow higher flow rates, additional environmental water would have few additional benefits**"*

*"If constraints projects are not implemented as expected, **rushing to recover the full 450 GL by 2024 would risk the Australian Government spending hundreds of millions of dollars for an asset that (potentially) cannot be used for some time. Aligning water recovery with progress in lifting constraints could potentially save the Australian Government up to \$203 million.**"*

*"The 2012 Basin Plan modelling that underpinned the development of the Schedule 5 outcomes and the efficiency measures package made a number of assumptions that have since changed. In particular, the modelling suggested that without easing constraints to allow higher flow rates, **additional environmental water would have few additional benefits.** Since then, Basin States have developed proposals for constraints projects that will allow lower flow rates than those included in the 2012 modelling."*

⁷ <https://www.pc.gov.au/inquiries/completed/basin-plan/report/basin-plan.pdf> [P 21-23].



It is critical that expenditure under WESA can deliver outcomes. Given the new Constraints Roadmap with extended timeframes to implement constraints, it is important due-diligence to ensure expenditure under WESA can deliver actual outcomes. Based on the above, we are concerned significant public funds are being spent on additional environmental water that may have few additional benefits (at least at this point in time, particularly with low confidence amongst many stakeholders about the progression of key constraints measure projects).

Recommendation	
5	Determine the likely cost for delivering community supported projects to ease or remove constraints on the capacity to deliver environmental water, in the context of the new Constraints Roadmap, including expanded timeframes (up to 10 years), and provide guidance on the prioritisation of funding towards these measures.

3) Progress to date

8. In conducting this review, the panel will also consider:

(a) the progress that has been, and is anticipated to be, made towards increasing the volume of the Basin water resources that is available for environmental use;

(b) whether the design of projects in relation to which payments have been made under section 86AD is likely to be effective in increasing the volume by 450 GL of the Basin water resources that is available for environmental use; and

(c) any other matter specified in writing by the Minister that is relevant to achieving the object of this Part.

3a) Background: Latest progress reports

Bridging the Gap

The Bridging the Gap (BtG) water recovery target is 2,075 GL/y.

DCCEEW now reports that, as of 31 March 2025:

Total Basin 'Bridging the Gap' target	Progress towards target	Remaining recovery
2,075.0 GL/y	2,068.9 GL/y	6.7 GL/y

Note: this target had previously been reported as having been exceeded ,with over 2,1000 GL recovered. This was due to 'over-recovery' of water in some valleys beyond that valleys target. That water has since been re-accounted for in the 450 GL, thereby reducing the volume of water accounted for in BtG.



450 GL

DCCEEW reports that, as of 31 March 2025:

Target	Water recovery registered	Water recovery contracted (not yet registered)	Remaining recovery
450.0 GL/y	104.1 GL/y	53.2 GL/y	292.7 GL/y

DCCEEW reports the status update below.

Box 1: DCCEEW water recovery status update – 450 GL

- As at March 2025, 132.1 GL has been secured towards the 450 GL target. This includes:
 - 104.2 GL registered – this is water that has been transferred to the Commonwealth Environmental Water Holder (CEWH). This is being used to deliver enhanced environmental outcomes. It includes 78.2 GL of over-recoveries that the Minister for Water specified to the 450 GL target on 28 February 2025.
 - 4.7 GL contracted – this is water that has been contracted with Basin states or other proponents but has not yet been transferred to the CEWH.
 - 23.2 GL accepted offers – this is water offered and accepted from the recent 70 GL tender that will be available to the CEWH in the near future.
- Another 154.5 GL is planned to be recovered towards the 450 GL target. This includes:
 - 7.7 GL from a new water savings infrastructure project, that has yet to be contracted
 - Up to an additional 146.8 GL identified through the recent voluntary water purchase activities.
- This brings the total by the end of 2025 to 286.6 GL.
- Further activities underway
 - More water savings infrastructure proposals are under assessment.
- Sustainable Communities Program
 - Agreements with New South Wales and South Australia are in place.

As is demonstrated by the update, the outcomes suggest the Governments clear focus has been the purchase of entitlements or the repurposing of previously purchased entitlements, rather than the other program funding streams. We are not aware of much progress, if any, on alternative options.

SDLAM 605 GL

It is anticipated by the MDBA that the total supply adjustment volume will be less than the 605 GL identified in 2017 – i.e. that there will be a shortfall. Therefore (if this occurs,



which it appears almost certain), the SDLs for the affected southern Basin SDL resource units will change (according to existing legislation requirements).

Recent estimates (MDBA SDLAM 2023 Assurance Report) showed an estimated supply contribution of between 209 to 415 GL/y (assessed for delivery by 30 June 2024) – therefore a **shortfall of 190-315GL/y** (likely to be at the higher end of the range) from the 605GL/y contribution. Note: projects are assessed as a package, not on a project level.

It is noted that the *Restoring our Rivers* Act amendments (for more time and new projects) is expected to reduce this shortfall amount to an extent. However, with only 3 new notified projects being notified by the deadline, we are not anticipating this to have caused significant change to the final amount. This is particularly so given the modified Menindee Lakes Water Savings Project with a dramatically reduced offset volume. Therefore, a shortfall remains almost certain.



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3b) Lack of transparency on water recovery progress

The Department established a dashboard to track progress, which we welcomed at the time, but appears not to use it, and other updates are irregular. Only recently (early July 2025) has the DCCEE website been updated to reflect water recovery as of 31 March 2025.

Prior to this update, stakeholders were having to rely on outdated data on the website, combined with ministerial media release claims (which were unclear and lacked detail), combined with cross-checks of state water registers (some of which have been not operational or challenging to utilise). It is pleasing that this data is now available, but it is on multiple platforms, and at different points of being contracted, transferred and in interest which is confusing.

NIC advises that the panel closely scrutinize this data. There remains uncertainty in how potential water recovery is being categorized as 'planned', 'contracted' and

⁸ [independent-assessment-murray-darling-basins-supply-constraints-measures.pdf](#)



'registered', including what this means in practice. We trust this review will provide a clear and current picture of actual progress.

3c) Inflation of water recovery progress

NIC notes there is a lack of confidence in water recovery reporting, due to a tendency to inflate progress, for political purposes. Two examples are outlined below.

Reporting of interest sends false signals of progress

We note that tender documents from 2024 said:

'Only respondents who submit an EOI in this first stage of the multi-stage procurement process are eligible and may be invited to participate in any subsequent requests for tender in 2025, arising from this EOI.'

'Any response under this EOI is non-binding and considered to be an expression of interest only.'

As a result, a number of people expressed interest in tender rounds to keep the door open (as the tender rules required this to remain part of the process), as well as people making speculative offers which we believe are unlikely to be accepted. As we have seen in outcomes from previous tenders (see our public concerns^{9& 10}), we anticipate a lower acceptance rate than the offers. Reporting on the number of willing sellers sends a false signal of progress, and an over-confident approach.

NIC has raised this concern in media, saying (12 November 2024)¹⁰:

Irrigators' have called out Minister Plibersek's announcement^[1] of having '1000 willing sellers towards' the Commonwealth's tender to buy water for the Murray-Darling Basin Plan, as a political stunt on the day of Senate Estimates.

*"The last time Minister Plibersek announced a buyback tender round had been over-subscribed, **the Government later rejected 72% of the offers**, contracting only a small proportion of the reported offers (26 GL out of 90 GL), mostly due to value for money concerns," said Zara Lowien, CEO of the National Irrigators' Council.*

"Past experience shows us that people putting their hand up to sell their water to the Government, is really no indication on actual progress. You can have 1000 willing sellers but that doesn't matter if the buyer cannot proceed due to procurement guidelines."

"Making this announcement of '1000 willing sellers' a continuation of a political smokescreen as the Albanese Government continues to embellish their efforts on implementing the Murray Daring Basin Plan without any contracts or evidence".

⁹ [National Irrigators' Council - Buyback round designed to over-estimate interest ahead of election](#)

¹⁰ [National Irrigators' Council - Much a do about nothing](#)



Reporting categories sends false signals of progress

There remains uncertainty in how potential/future water recovery is being categorized as 'planned', 'contracted', 'accepted' and 'registered' (despite definitions provided by DCCEEW), including what this means in practice, and what barriers/challenges may exist to securing that water.

We are concerned reporting figures this way may hyperinflate the actual likelihood of recovering these volumes of water, and shows greater confidence in recovering these volumes than may be appropriate.

It will be important for the Panel to unpack these categories – particularly the barriers that may stop potential offers from progressing to be registered - to query the confidence demonstrated by the Government that recovering 450 GL in this time is even feasible.

Recommendations	
6	Determine and make public the current registered and contracted volumes of water recovered towards the 450 GL, and the associated expenditure.
7	Scrutinise the claimed upcoming purchases that are 'planned' or 'contracted', including the nature of these reporting categories, and the challenges/barriers/steps that remain involved to securing this water, to independently assess the likelihood (and appropriateness) of this water becoming registered. Do not assume planned or contracted water will necessarily eventuate to be registered.
8	Recommend at least quarterly reporting of water recovery and expenditure throughout the final stages of implementation.

3d) Accounting challenges for water recovery progress

Finalisation of LTDLE Factors

Final volumes of water recovery will not be known until all Water Resource Plans (WRPs) are accredited, LTDLE factors 'locked-in', and relevant water models verified.

Shifting of over-recovered water

NIC note that water users were very concerned to see over-recovery shifted from BtG to the 450 GL. In our view, this decision was (i) at least premature, and (ii) not supported – and was seen as a 'quick fix' to increase water recovery numbers ahead of the Federal Election, for political purposes.

The primary purpose of the Basin Plan is to achieve SDL compliance – in our view, this must be the priority before any 'additional' HEW is acquired.

- (i) Premature decision

At this point in time, it is too early to know if this water is actually 'over-recovered' or if it will still be required to Bridge the Gap (BtG), as it had been purchased to do.



In the Southern Basin, where the SDL is pending the outcomes of the SDLAM reconciliation, there is an almost certainty that a new 'gap to bridge' will eventuate as a result of a SDLAM shortfall. This means there is a strong likelihood that there won't be over-recovery under Bridging-the-Gap. For this reason, for many valleys, we consider that to be temporary over-recovery.

In valleys without an accredited WRP, where LTDLE factors are not finalised, there is also potential for those targets to change.

(ii) A decision that resulted in strong contention

Industry had been calling for over-recovered water to be returned to the consumptive pool (as it had gone beyond, or breached, commitments and expectations of the Basin Plan), and even official reviews (including the Productivity Commission) had recommended that this water be returned to the consumptive pool.

The reason for this, was because exceeding recovery in some valleys risked concentrating impacts beyond what had been planned or modelled. It also questioned the environmental outcomes sought, as it went beyond Basin Plan modelling.

Industry was working with governments on a number of models for this, including the potential for lease-backs options so the water could be used for consumptive purposes at times, and by the environment at other times if needed. Other models proposed by industry also included First-Nations partnerships. Many felt blind-sided by the announcement, which went against the efforts of industry to find constructive and good-faith outcomes for this water.

To many, this move reinforced a view that Government is simply chasing a number, and cleaning up any opportunity to get that number, even at the cost of good outcomes for both the environment and communities.

Recommendations	
9	<p>Assess the decision to transfer 'over-recovered' water to the 450 GL, particularly in the context of the Southern Basin, where a SDLAM shortfall will push these valleys into having a new 'gap to bridge' to achieve compliance with the new SDL – i.e. there will be no over-recovery.</p> <p>Investigate how the funding for the Bridging-the-gap (BtG) over-recovery water has been accounted for now it has shifted from BtG to the 450 GL – i.e. have the funds for this water now been subtracted from the WESA (given they were originally sourced from separate BtG funding)? Was this a proper, or legal, use of these funds?</p>
10	Assess the potential impacts on water recovery progress and volumes of potential changes to LTDLE factors, including (but not limited to) from the accreditation of remaining WRPs or updates to relevant water models.



4) Effectiveness of socio-economic payments

9. In conducting this review, the panel must also consider the effectiveness of the

following:

(a) payments made, or expected to be made, under paragraph 86AD(2)(c) in relation to a purchase referred to in paragraph 86AD(2)(b);

(b) payments made, or expected to be made, from other sources in relation to a purchase referred to in paragraph 86AD(2)(b).

NIC is of the position that investment in communities to mitigate socio-economic impacts has been non-satisfactory, slow, and we have no confidence that it can be effective. Fundamentally, socio-economic impact assessment has been poor, and methodologies result in the impacts being down-played.

Our overall concerns include:

- A fundamental view that it is not possible to fully offset the removal of productive water from an irrigation dependent community – programs to date have tended to be more of a nicety to ‘ease the blow’, as a symbolic or tokenistic gesture, than about real structural adjustment to keep communities thriving in the long-term. We are concerned programs may mislead decision-makers and the public into thinking impacts can be ‘fixed’, when this is simply not the case. At the very least, there must be transparency about the objectives of these programs, and what they can realistically achieve, in order to manage expectations. At present, these programs are being used to justify further water recovery, on a false premise.
- The program funding is far too small and narrow, and will not scratch the surface of making a meaningful difference. It is very small in comparison to the volume of money made available for buybacks and other water recovery programs, which rubs salt in the wound of communities who feel this is disproportionate, and only reinforces the tokenistic nature.
- These programs have not been informed by evidence-based research into how funds should best be spent to keep communities thriving. Anecdotally, communities speak of governments investing in rose bushes in the main street, or painting a new mural, which does not go close to replacing the lost employment, production, and economic activity in a community, and the multiplier / flow-on impacts – that sustain a community into the long-term.
- Spending under the Basin Plan on socio-economic support has been slow, and piecemeal and it is not clear if it is targeted to where the purchases are being made from. Governments were quick to proceed with buybacks, but this pace was not matched by investments in communities. Following the RoR Act, many announcements had been made about buyback tender rounds and significant interest of sellers, before any announcements had been made about plans for the Sustaining Communities Program (SCP).



- It is difficult to see the strategy informing expenditure under programs like SCP, including the selection of towns / regions, the design of programs, and timeframes for delivery.
- The Basin Plan has generally suffered very poor socio-economic impact assessment, and communities feel governments are unaware of the true impacts of the reform. This is because:
 - assessments tend to be done at a Basin-scale (this is specified in legislation), whereas impacts are felt at a community or industry level, which is smoothed over or averaged-out in higher-level analysis;
 - assessments are done in a piecemeal manner, such as the Minister signing off on a tender round, with assessment only of that parcel of water – without consideration to the cumulative impacts and historic impacts already occurring;
 - flow-on impacts have been poorly considered, including indirect impacts to non-participants (such as those impacted by higher water market prices, viability of the delivery system or those impacted by less economic activity in a community);
 - establishing a baseline has been challenging, given serious drought years preceding the Basin Plan which skews the data of 'before and after' analysis;
 - establishing a counterfactual has proven difficult, such as accounting for productivity and efficiency gains of the industry;
 - data has been poorly and inconsistently kept by governments.
- The impact on the annual water market of the cumulative increase in the volume of water available to the environment, and the change in water use patterns this will drive, is poorly understood.

Proper socio-economic assessment would assist in revealing the full extent of impacts from the Basin Plan, and support the case for more community assistance (or to stop making the situation worse with further water recovery). The NIC acknowledges rural and regional communities are undertaken ongoing change. It is critical that Governments understand underlying trends in communities around the Basin to avoid over-burdening communities and reducing the risk of Government decisions driving a community and or an industry, to a potential tipping point that fundamentally negatively changes the social and community structure.

NIC together with other stakeholders called for an updated Regulatory Impact Statement (RIS) as part of discussions with the Restoring our Rivers bill. An addendum was eventually provided with a focus on the 450GL which was not part of the original impact assessment (due to timing).

There are a number of major issues in the methodology of the RIS (and other socio-economic impact assessments of the Basin Plan) which downplays the extent and seriousness of the impacts. It is our understanding that programs such as the Sustaining Communities Program (\$300M funding) are based on this data, which in part, contributes to programs like SCP having insufficient funding to even come close to mitigating the actual impacts.

Recommendation



- 11 Review the current socio-economic consideration process required now for the 450 GL decision to tender and provide recommendations that these assessments must consider cumulative impacts on local communities and industries.

Review the expenditure on socio-economic and community support programs, in light of the concerns raised in this submission that socio-economic impact assessment significantly downplays the extent of impacts, making these programs grossly insufficient.

5) Policy Settings

10. The panel may consider if the current WESA policy settings and budget are sufficient to deliver the 450 GL of water to achieve enhanced environmental outcomes and to ease or remove constraints on the capacity to deliver environmental water.

NIC are pleased to see that the Panel may consider if the current WESA policy settings are sufficient, and urges the Panel to do so.

This review comes at a very critical time for water reform, with the upcoming 2026 Basin Plan Review and the SDLAM reconciliation, the 2027 Water Act Review and renewal of the National Water Initiative (NWI) – shaping the next chapter of water reform in the Basin. As a result, we hope the outcomes of this review can provide guidance and evidence to support forming this next chapter.

5a) SDLAM Reconciliation

NIC encourages the Panel to undertake this review in light of the upcoming SDLAM reconciliation due in 2026, which will have a number of impacts on WESA.

The MDBA has published (January 2025) the [Sustainable Diversion Limit Adjustment Mechanism \(SDLAM\) Reconciliation Framework](#), which indicates that a reconciliation will occur (2026), and a high-level process.

However, a number of critical questions remain unanswered, many highly relevant to this review. This includes:

- How will the SDLAM shortfall be managed / recovered and the timeframes for managing any shortfall?
- How does the SDLAM reconciliation work if constraints management (a core part of SDLAM) is extended the expected 10 years under the constraints roadmap, well beyond the 2026 reconciliation timeframe and the current end-date of the WESA?



- How will water purchased outside of the southern Basin (that has gone towards the 450 GL) be accounted for in the reconciliation (which is about the Southern Basin SDLs)?
- If water is accounted for under the 450 GL (particularly if previously accounted for as BtG water), but there is a SDLAM shortfall, is there opportunity for that water to be accounted for as part of making up the shortfall?
- How will funds be prioritised across SDLAM (constraints), and the 450 GL for additional environmental water – given financial and time limitations, as well as delivery / feasibility challenges?

Case study: How will a SDLAM shortfall be managed?

If SDLAM reconciliation confirms a shortfall (which is almost certain), legislative amendments can be made to take effect by 30 June 2027, resulting in new SDLs applying for the 2027 – 2028 water year. The SDL accounting provisions allow a changed SDL to be adopted in the SDL accounts.

The method for how water use will be reduced to comply with the new adjusted SDLs will be up to the Federal Government to determine. It is generally assumed that this will occur via further water recovery (i.e. buybacks) to bridge any remaining gap as consistent with the Intergovernmental Agreement on the Implementing the Murray Darling Basin Plan.

However, the MDBA says: *“The Commonwealth will need to consider its future recovery options in light of the increased water recovery targets.”* Note – this is why our earlier concerns on shifting over-recovery are of significant concern, the gap to bridge may grow.

The MDBA has indicated in the above Framework that there will be no impacts to reliability of water entitlements as a result of the reduced SDLs, as Basin States will be able to claim a ‘reasonable excuse’ for SDL non-compliance on the grounds of incomplete water recovery. However, our understanding is that this will be up to the Inspector-General of Water Compliance (IGWC) to adjudicate if this is considered a reasonable excuse (not the MDBA). There has been no commentary to date on this from the IGWC. It remains feasible that reasonable excuse is not granted.

It will also depend on the method for water recovery determined by the Federal Government (again, not the MDBA or DCCEEW). There are many uncertainties, and thus how this new shortfall will be managed remains unknown.

This uncertainty is highly relevant to this WESA review for a number of reasons. On one hand, it is a reasonably likely scenario that in just two years significant further water recovery will be sought in the Southern Basin. This will further impact water prices and the availability of willing sellers (noting many of the ‘low hanging fruit’ are now gone). It may also impact on the appetite of Government to purchase ‘additional HEW’ for the 450 GL if more recovery is required simply to ‘bridge the gap’ to the new (SDLAM-re-adjusted SDL), a core (non-additional) component of the Basin Plan. Finally, the potential for even further water recovery calls into question the need for prioritisation,



such as for constraints management, to ensure water can actually be delivered to optimal and intended effect.

The Productivity Commission in 2024 raised concerns about the Commonwealth needing a strategy to prioritise investment and focus.

NIC Position: NIC is of the position that the full 605 GL of offsets must be delivered – so that a further reduction in the SDL is not required. NIC emphasises the importance of SDLAM projects as they reduce the risk of further water recovery directly from communities, and are important environmentally. Failure to deliver will undermine important environmental outcomes that cannot be replicated by just adding more water. Priority must be on the essential components of the Plan (SDLAM supply and constraints), before seeking additional environmental water under the 450 GL (beyond the required 62 GL). See the NIC website¹¹ for full position statements on:

- Murray-Darling Basin Plan
- SDL Adjustment Mechanism reconciliation
- Constraints Management.

Recommendation

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|----|--|
| 12 | Recommend that a SDLAM Reconciliation is aligned with updated project delivery timeframes (10 years for constraints), and does not occur prior to this. Premature reconciliation (prior to project delivery) risks important projects not proceeding, and reduced SDLs, with no transparent pathway on how an adjusted SDL would be complied with (and financial limitations of purchasing even more water to make up a shortfall). The panel should provide guidance on the potential costs of recovering the expected SDLAM shortfall (while separate to WESA, this is critical context in terms of the Federal Governments expenditure on this reform). |
|----|--|

5b) Purpose of the WESA and environmental outcomes

NIC is concerned that expenditure of WESA has become detached from achieving environmental outcomes in the Basin in a way without socio-economic effects, and is now simply a 'numbers game'. The statutory five-yearly review of the Murray-Darling Basin Plan by the Productivity Commission found: *"Recovering water through efficiency measures has become increasingly divorced from the environmental outcomes it is meant to achieve. The current focus of the program is on meeting the legislated target of recovering an additional 450 GL by 2024. There is little evidence that it has been designed to recover water in the places needed to effectively achieve the enhanced environmental outcomes."*¹²

Following the RoR Act, we believe this has further deteriorated. There is little evidence available to demonstrate purchases are occurring strategically, with consideration given to how (and which) environmental outcomes it can achieve. We fear purchases under WESA have occurred simply based on a numbers-game, with more focus on

¹¹ [National Irrigators' Council - Murray Darling Basin Plan](#)

¹² [Murray-Darling Basin Plan: Five-year assessment - Public inquiry - Productivity Commission](#)



political point-scoring to announce large volumes of water recovery or progress, than actual environmental outcomes.

Part of ensuring public confidence in the use of WESA funds, and the ability for value for money to even be determined, it will be important clear outcomes can be identified and demonstrated. Recovering water for the sake of it (or as a proxy to environmental outcomes), is not a clear outcome, particularly when there are concerns about deliverability (in the absence of constraints relaxation) and the 2025 Basin Plan Evaluation clearly identifying that while “environmental water is important, water alone will not be sufficient to enhance environmental outcomes”.

Going beyond ‘just add water’

The 2025 Basin Plan Evaluation and Sustainable Rivers Audit made a clear case of the importance of complementary measures to achieve outcomes that water alone cannot fix.

The Evaluation said: advising that “water for the environment is essential, but on its own is likely not sufficient”¹³. Other key quotes include:

- “Most of the original targets for water recovery have been met”¹⁴
- “Water for the environment is essential, but on its own is likely not sufficient. Factors such as water quality, riparian and floodplain management, pest control, instream habitat, river operations, constraints and works, and environmental water portfolio management are also crucial to achieve environmental outcomes.”¹⁵
- “When the Basin Plan commenced it was assumed that water for the environment to key sites would be sufficient to maintain ecological health across the Basin. We have learnt it is more complex and challenging than this...”¹⁶
- “...deliveries of water for the environment alone are not sufficient. Other measures, such as water quality management, riparian and floodplain management, pest control, instream habitat, river operations, constraints and works, and environmental water portfolio management are crucial to the achievement of long-term environmental outcomes.”¹⁷
- “The management of flow regimes, particularly the timing and patterns of flow, is vital to achieving outcomes for native fish. However, flow management is only one component of the suite of integrated management activities needed to build fish population resilience. Complementary management actions such as introduced species control, re-establishment of threatened and non-threatened species, improved fish passage solutions, and habitat protection and restoration are also important for improving fish outcomes across the Basin.”

¹³ [2025 Basin Plan Evaluation Report - Overview](#) P 4.

¹⁴ P 32

¹⁵ P 4.

¹⁶ P 4.

¹⁷ P 42.



- *"... It should be noted that a considerable time lag is expected between short term positive outcomes from water for the environment and full observable benefits to fish populations"*¹⁸
- *"The cost of recovering water, whether through purchases or infrastructure projects, is increasing, and previous investments in water efficiency have most likely already leveraged the most cost-effective methods. Moving forward, a considered approach will be required to minimise the negative impacts of water recovery while maximising environmental benefits and ensuring value for money."*¹⁹

Looking at the environmental outcomes (Figure 1), it is clear the outcomes directly related to "just adding water" are performing well already, but those requiring non-water measures (such as complementary measures, or removal of constraints to deliver water to floodplains) are not performing as well.

This was also stated by the CEWH in their response: *"Dr Finn said the Basin Plan evaluation provided insights to three of the CEWH's highest policy priorities – taking steps on operational and physical constraints relaxation, connectivity of the whole Murray–Darling Basin river system and complementary measures like fishways that help fish move more easily."*

This sentiment was expressed by a number of stakeholders, from various interests, in their response to the Evaluation.

In this context, it is challenging to see how WESA can justifiably continue to pursue water purchases, when it is evidently no longer the environmental priority. This reflects stakeholders concerns that many aspects of the Basin Plan are simply about chasing numbers or targets for political sake, detached from the realisation of improved environmental outcomes, and what may be needed to best achieve those. Given these clear findings, it is also difficult to demonstrate that the current approach to using WESA funds (water purchases) is the best value for taxpayers money. It is evidently not being spent on what is most needed in the Basin to achieve environmental outcomes.

¹⁸ P 48.

¹⁹ Page 5



Valley	Longitudinal connectivity	Freshes and bankfull flows	Low floodplain connectivity	High floodplain connectivity	Floodplain tree stand condition	Fish species expectedness	Fish nativeness	Fish recruitment
Border Rivers	Very good (Stable)	Good (Variable)	Fair (Increasing)	Good (Increasing)	Good (Stable)	Good (Stable)	Fair (Variable)	Fair (Variable)
Castlereagh	NA* (NA)*	Very good (Variable)	Fair (Variable)	Fair (Variable)	Fair (Variable)	Poor (Stable)	Fair (Variable)	Very Poor (Variable)
Condamine	Fair (Stable)	Good (Variable)	Poor (Variable)	Fair (Variable)	Fair (Variable)	Fair (Stable)	Good (Variable)	Poor (Decreasing)
Darling	Good (Variable)	Good (Variable)	Poor (Increasing)	Fair (Decreasing)	Good (Stable)	Poor (Stable)	Fair (Stable)	Fair (Stable)
Gwydir	Very good (Stable)	Very good (Stable)	Poor (Variable)	Fair (Increasing)	Fair (Variable)	Fair (Stable)	Fair (Increasing)	Fair (Decreasing)
Macquarie	Very good (Stable)	Very good (Variable)	Fair (Variable)	Fair (Decreasing)	Good (Stable)	Poor (Stable)	Fair (Increasing)	Very Poor (Variable)
Namoi	Very good (Stable)	Good (Variable)	Fair (Variable)	Fair (Variable)	Poor (Variable)	Fair (Stable)	Fair (Variable)	Poor (Stable)
Paroo	NA* (NA)*	NA* (NA)*	Fair (Variable)	Fair (Decreasing)	Good (Stable)	Poor (Stable)	Poor (Stable)	Poor (Stable)
Warrego	Very good (Stable)	Very good (Variable)	Poor (Variable)	Fair (Decreasing)	Fair (Variable)	Fair (Stable)	Fair (Decreasing)	Poor (Stable)
Avoca	NA* (NA)*	NA* (NA)*	Fair (Variable)	Fair (Increasing)	Fair (Decreasing)	Poor (Stable)	Poor (Variable)	Very Poor (Decreasing)
Broken	Poor (Variable)	Good (Stable)	Good (Increasing)	Fair (Increasing)	Fair (Stable)	Poor (Stable)	Fair (Variable)	Very Poor (Stable)
Campaspe	Very good (Variable)	Very good (Variable)	Good (Increasing)	Good (Increasing)	Fair (Stable)	Poor (Stable)	Poor (Variable)	Very Poor (Variable)
Central Murray	Good (Variable)	Very good (Variable)	Fair (Variable)	Fair (Variable)	Fair (Stable)	Poor (Stable)	Fair (Variable)	Poor (Variable)
Goulburn	Good (Variable)	Very good (Stable)	Fair (Variable)	Fair (Decreasing)	Good (Stable)	Poor (Stable)	Poor (Variable)	Very Poor (Decreasing)
Kiewa	NA* (NA)*	NA* (NA)*	Good (Variable)	NA* (NA)*	Very good (Variable)	Poor (Decreasing)	Poor (Increasing)	Very Poor (Increasing)
Lachlan	Very good (Stable)	Very good (Variable)	Fair (Increasing)	Fair (Increasing)	Fair (Decreasing)	Poor (Stable)	Fair (Variable)	Very Poor (Increasing)
Loddon	Good (Variable)	Very good (Variable)	Fair (Variable)	Fair (Increasing)	Poor (Decreasing)	Poor (Stable)	Fair (Variable)	Very Poor (Stable)
Lower Murray	Fair (Variable)	Fair (Variable)	Fair (Variable)	Fair (Variable)	Fair (Variable)	Poor (Stable)	Fair (Stable)	Poor (Increasing)
Mitta Mitta	NA* (NA)*	NA* (NA)*	Good (Variable)	NA* (NA)*	Very good (Variable)	Poor (Stable)	Poor (Variable)	Very Poor (Stable)
Murrumbidgee	Very good (Stable)	Good (Variable)	Good (Increasing)	Good (Increasing)	Poor (Decreasing)	Poor (Stable)	Poor (Variable)	Very Poor (Variable)
Ovens	Very good (Variable)	Very good (Variable)	Good (Decreasing)	NA* (NA)*	Good (Stable)	Poor (Stable)	Fair (Variable)	Fair (Increasing)
Upper Murray	NA* (NA)*	NA* (NA)*	Good (Variable)	NA* (NA)*	Good (Stable)	Poor (Stable)	Fair (Variable)	Very Poor (Increasing)
Wimmera	NA* (NA)*	NA* (NA)*	Fair (Variable)	Fair (Increasing)	Very good (Variable)	Fair (Stable)	Fair (Variable)	Very Poor (Variable)

Figure 1 Excerpt from Basin Plan Evaluation & Sustainable Rivers Audit



Recommendations	
13	<p>Consider if the current WESA policy settings are fit-for-purpose to achieve enhanced environmental outcomes (Terms of Reference, point 10), given new evidence since the last WESA Review (e.g. 2025 Basin Plan Evaluation) identifies more than “just adding water” is required to achieve further environmental outcomes, and non-water threats are now the biggest hindrance to those further environmental outcomes (i.e. invasive species, barriers to fish passageways, cold water pollution, habitat degradation, etc).</p>
14	<p>Recommend enabling the WESA to be used to fund complementary measures.</p> <p>Including using the WESA to fund and establish a Taskforce with the objective of determining priority measures to improve environmental outcomes, and to best utilise the existing portfolio of water now owned by the Commonwealth.</p>
15	<p>Assess the ability for ‘additional Held Environmental Water’ to actually achieve enhanced environmental outcomes, at this point in time, given:</p> <ul style="list-style-type: none"> * concerns it has become detached from the original intention (environmental outcomes) as simply a ‘numbers game’; * the substantial delays (and expected timeframes) for constraints measure projects to be implemented to actually deliver this water to achieve the intended environmental outcomes; and * in the absence of the necessary complementary measures that are required to best utilise the asset (HEW) to achieve outcomes. <p>Additional environmental water should not be purchased until it at least can be delivered to intended effect, and/or clear benefits can be demonstrated from the additional water.</p>
16	<p>Recommend the Commonwealth strategically prioritise how the remaining WESA funds are used. For example:</p> <ul style="list-style-type: none"> • Prioritise easing or removing constraints to enable existing Held Environmental Water to be delivered to intended effect, prior to further additional water recovery. • Prioritise ‘essential’ components of the Basin Plan prior to additional / discretionary components – for example, given the SDLAM 605 GL is directly tied to SDLs (whereas the 450 GL is considered additional water for the environment, beyond 62 GL), this must be prioritised before progressing with further recovery under the 450 GL. With financial constraints, further water recovery should not progress under the 450 GL until such a time as there can be confidence measures are in place to manage (or ideally prevent) the anticipated SDLAM 605 GL shortfall, which is essential to SDL compliance (the core aim of the Basin Plan). • Prioritise complementary measures prior to any further water recovery, as part of ensuring utility for the investment of both new, and existing, entitlements.



6) Other

Process feedback

NIC note that this is a significant and important review process for all stakeholders in the water sector. We are concerned that the timeframe for public consultation for this review has been short, and there has been little information available to inform stakeholders engagement in this process. Stakeholders are engaging in this process without knowing details of the financial status of WESA, and uncertainty of progress to date.

Conclusion

Thank you for the opportunity to provide this submission.

NIC ultimately recommends the Independent Panel take a broad view to examine the policy settings and decision-making on the use of WESA funds to achieve enhanced environmental outcomes with consideration of socio-economic impact - to ensure WESA can be used transparently to target priority environmental investments. We encourage you to explore the option to amend the WESA to ensure it can be used transparently to target priority environmental investments such as community-supported constraints measures and investment in non-flow complementary measures as evidence within the 2025 Basin Plan Evaluation and Sustainable Rivers Audit.

We offered 16 Recommendations to further guide the panel's work.

Please feel welcome to reach out to our team with any further questions regarding this submission and recommendations.

