**Policy Position Statement**

**Finalising the Murray-Darling Basin Plan**

**Guiding Principles**

In preparing this paper, the NIC has been guided by the following principles:

* water property rights must be protected or enhanced:
	+ - characteristics of water entitlements should not be altered by ownership;
* there must be no negative third-party impacts on reliability or availability:
	+ - potential negative impacts must be compensated or mitigated through negotiation with affected parties;
* irrigators must be fully and effectively engaged in the development of relevant policy;
* irrigators expect government policy to deliver triple bottom line outcomes – social, economic and environmental, including the rights of First Nations water users;
* climate change affects all water and land users:
	+ risks, burdens and opportunities must be shared fairly and equitably.

**Our Key Messages**

Regional communities and farmers want to see healthy rivers and wetlands because they are locals too. This commitment is why NIC and our members support the Basin Plan. The Plan has achieved results and more can be done, but further water recovery risks jobs, businesses, supply chains, communities, cost of living, food quality and security. Governments should instead focus on delivering outcomes which benefit the environment, while ensuring local communities can thrive and our food and fibre growers can grow produce for Australians and trade.

In considering how to finalise the Basin Plan, Basin Governments should focus on:

**Celebration.** The Basin Plan has achieved a great deal and has balanced the needs of the productive sector, the environment and local communities. In celebrating this achievement, they should reflect on the effects water recovery has had on communities and people. In committing to update the science, Ministers should agree that environmental evaluations and science be enhanced with economic and social science.

**Collaboration.** The Plan was and should continue to be a bipartisan commitment, with agreement reached across state lines for the betterment of the system as a whole. The Governments must put aside parochialism and work together with industry, First Nations and communities to determine the way forward. Historic public sentiment against the Plan came through lack of consultation and engagement. All future plans, including how to finalise the Basin Plan, must involve high levels of community consultation. Decisions need to be made with, not for, communities.

**Commitments.** Irrigators have delivered their components of the Basin Plan – over 2000GL of water for the environment. The remaining commitments are owed to the Australian people by the Federal and State Governments – the SDLAM Projects and the Efficiency Measures projects. All governments must maintain their commitments and deliver these projects, including the neutral or positive socio-economic clauses written into the Efficiency Measures program and endorsed by Ministerial Council. Failure to deliver on these programs should be sheeted home to the respective governments and should not fall on the irrigation sector to deliver.

**SDLAM Projects.** States must deliver their SDLAM projects. It is clear more time is needed to complete them, so it should be given. If new projects are needed to meet the target environmental water requirements, they should be approved with adequate time to complete the projects. The productive sector should not be penalised for inaction by governments, noting doing so would constitute a tremendous breach of faith with regional communities.

**Efficiency Measures Program.** Basin Governments must maintain their support for positive or neutral socio-economic benefits for projects under the Efficiency Measures program. Finalising the Basin Plan means achieving up to 450GL with a minimum of 62GL delivered. If there are efficiencies to be found, they should be pursued as long as they are beneficial to local communities. They should not be pursued if it harms our regions. It should also be noted, buybacks are not efficiencies. To buyback water to achieve the 450GL would be a fundamental change in what the Basin Plan was trying to achieve.

**Constraints.** Governments must urgently prioritise constraints management projects, working with communities, to ensure water can move through the system. Without these changes, it would not matter how much water was recovered, as it would not be able to move to where it is needed.

**No Buybacks.** Every idea, project and proposal which could be used to deliver environmental outcomes, such as investment in complementary measures, industry partnerships and infrastructure investment, should be considered to reach targets, where they are needed, and buybacks should be avoided at all costs.

**Outcomes.** Governments should urgently return to the ideals and objectives of the Plan and what it was trying to achieve, that being economic, social and environmental outcomes. The current achievements of the Plan should be acknowledged by Government and celebrated. Whilst understanding that volumes are needed to deliver some environmental outcomes, especially for native fish, the public narrative and constant push to achieve the volumes has lost the purpose of the Plan, which was to get outcomes, not to get numbers on a spreadsheet. If the same result can be found through infrastructure investment or investment in complementary measures, then that is what should be done.

**Over Recovery.** Where valleys are over recovered that water should be returned to the productive pool to benefit local communities.

**Mitigate and Compensate.** Governments need to remember communities have had to deal with a number of challenges from water reform. They have adapted and returned all the water they could. Any further recovery will harm local communities and businesses. Governments must make the necessary investment in jobs, infrastructure and support. Should governments progress with buybacks or other projects which have negative socio-economic consequences, then they must provide commensurate compensation.

**Food. Fibre. Future.** Irrigated agriculture provides 100% of our rice, 93% of our fruit, nuts and grapes, 86% of our cotton, 83% of our vegetables, and 50% of our dairy and sugarcane, with these percentages rising in drier periods. 90% of Australia’s food is grown in Australia to the highest quality, under the strictest regulations and using world leading best practices in some of the world’s harshest and most variable environments. Irrigated agriculture provides over $15 billion annually to our local economy at the farmgate, with that figure multiplied five to seven times over in our communities – driving jobs and trade. Not only should we continue to be self-sufficient and prepare for our growing population, we should also celebrate our role in helping to feed and clothe people around the world – especially when they too will suffer adverse climate conditions which affect their ability to grow produce. Our industries are sustainable and are working to constantly improve and invest in research and development, and new technologies. These improvements and investments are only possible because the industries are economically viable and are empowering our workforce. We should back our farmers and the agricultural industry, and celebrate their role into the future.

**Background**

The Murray Darling Basin Plan was enacted in 2012 largely in response to the environmental impacts which occurred during the millennium drought throughout the Basin region. The Basin Plan was designed to ensure water was shared between consumptive users, local communities and the environment – known as the triple bottom line outcomes of the Plan.

The Basin Plan sets a limit on the amount of water which can be taken or used by towns, industry and farmers. In 2019, this limit was redefined as the Sustainable Diversion Limit (SDL). Additionally, the Plan outlines a target amount of water recovery needed for the environment and the ways in which it could be recovered.

The targeted volume of water recovery is 2,750GL under the Bridging the Gap program. In 2018, Basin Governments agreed to 37 infrastructure projects which would deliver the equivalent of 605GL to the system and thus not need to be recovered from the productive sector. This change is known as the Sustainable Diversion Limit Adjustment Mechanism (SDLAM) program would involve both supply and constraints projects ranging from changes to river operation rules to infrastructure works. SDLAM effectively means the total to be recovered under Bridging the Gap is 2,145 GL. As at June 2022, 2,107.4GL has been recovered, representing 98% of the surface water and 92% of the groundwater targets leaving approximately 38GL to be recovered.

In addition to Bridging the Gap, 450GL was listed to be recovered under the Efficiency Measures program. This additional requirement came with a clause that projects must have a neutral or positive socio-economic impact on local communities to progress. As at June 2022, 24.1GL has been recovered or was contracted to be recovered, this falls short of the 62GL required to be recovered before 2024.

The Government utilised water buybacks to recover the bulk of water which is now held by the Commonwealth Environmental Water Holder (CEWH). While local efficiency projects did help some farms and irrigation schemes invest in upgrading their infrastructure and equipment, in return for water, buybacks caused significant harm to communities throughout the Basin with many businesses closing and jobs lost. Industries, such as dairy farming in Victoria, were devastated. Farmers who remained had infrastructure maintenance and cost issues, as well as significant increases in water prices. It also had effects on commodities, processing and businesses up and down the supply chain. Local communities suffered with families and workers leaving towns to find work. Buybacks were met with strong community backlash and this sentiment continues today.

In 2015, the then Government prioritised infrastructure investment and works by capping buybacks at 1,500GL. This cap effectively means the Government cannot resort to using buybacks to recover the outstanding water. All legislation can be amended, but doing so would be like opening a political pandora’s box. It would also be a breach of faith with irrigation communities who have already contributed their fair share. Victoria and New South Wales have publicly restated their opposition to buybacks which means the Basin Governments must now agree to extend the project deadlines or allow new projects to address any shortfalls.

It is worth noting that once the water leaves our farmers, it cannot be accessed again, even in a period of heavy flooding. It should also be noted that the Plan has built in mechanisms which account for climate and weather variability. Farmers only get allocations when water is available.

The Basin Plan is slated to be fully implement by June 2024, however as noted above, the water recovery targets outlined under the Basin Plan have not been fully achieved and it is not expected to be achieved by this deadline – largely due to delays in SDLAM and Efficiency Measures projects. There are also some in-stream targets still unachieved in some valleys.

The Federal Government has indicated its desire to achieve the Basin Plan’s water recovery targets before the Basin Plan finishes in 2024, however has acknowledged this may not be possible. The Federal Government’s October 2022 Budget allocated “significant funds” to finalising the Basin Plan, with the Minister confirming that buybacks were part of that allocated fund, as well as water efficiency and infrastructure projects. The October 2022 Water Ministerial Council Meeting communicated that a work plan of how to achieve the remaining elements of the Basin Plan was being prepared for the next meeting scheduled in early 2023.

There is an additional risk that if the targets are not achieved by the due date, Governments could apply the Risk Assignment Principles of the National Water Initiative, which allows a reduction of up to 3% of available water over 10-years to be recovered from water users before a sharing arrangement of compensation between State and Federal Governments is arranged.