



Achieving Balance in the Basin Plan

How to avoid taking southern Basin
regions to the brink in 2024

GMID Water Leadership Forum

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WHERE ARE WE?

Water recovery in the Basin

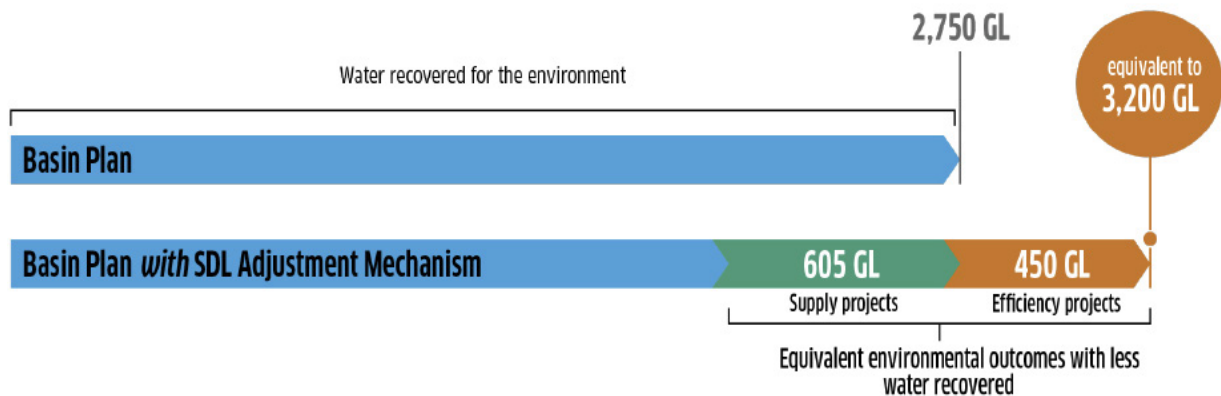
Surfacewater Target of 2,075 GI already beaten



Total Surfacewater Recovered
2,106 GI *

*MDBA February 2022

The pressure on decision makers and communities in 2024 **will be at unprecedented levels.**



Nearly all elements of the Basin Plan remain highly contested,

from volumes, to recovery methods, to agreed ecological outcomes, and the very social licence of the entire Basin Plan reform.

For example, the 3,200 GL target is not considered legitimate by many stakeholders, including in the GMID

Current Targets

2,075 GL recovery

+ 605 GL supply 'offset' projects

+ 450 GL efficiency 'upwater' projects

The final stages of the Basin Plan now rely on delivery of the Offset Projects and the Supply Projects.

Ministers have been repeatedly advised that the projects cannot be completed by 2024.



"For some key projects, realistic implementation timeframes are likely to extend beyond 2024"*

"The 2024 timeframe for these projects is ambitious and most likely unrealistic"*

"Strictly enforcing the 2024 deadline could lead to the abandonment of worthwhile projects"*

"Governments need to confront the reality that some projects may require more time"*

**Productivity Commission, Basin Plan 5 Year Assessment 2019*

"Basin Governments should be open to the possibility of extending the 30 June 2024 deadline for specific supply measures to be operational where an extension would be necessary to allow worthwhile projects to be retained."

** Productivity Commission*

"The Panel is concerned that SDLAM will not be achieved by the 2024 legislative deadline given the current lack of progress and COVID-19 causing delays to consultation around SDLAM projects... We are also concerned that the SDLAM projects may not recover the full 605 GI"#

Independent Assessment of Social and Economic Conditions in the Murray Darling Basin (Sefton & Ors, 2020)



The Size of the Problem – the 2024 Reconciliation



Some projects (7) are at high or extreme risk of not being delivered*

• MDBA Annual Assurance Report 2021



THE
PLAN HAS A
625 GI
HOLE
IN IT

The VFF have modelled a likely shortfall of 200 GI on the Supply (offset) Projects

There has been very limited progress on the Efficiency (UpWater) projects

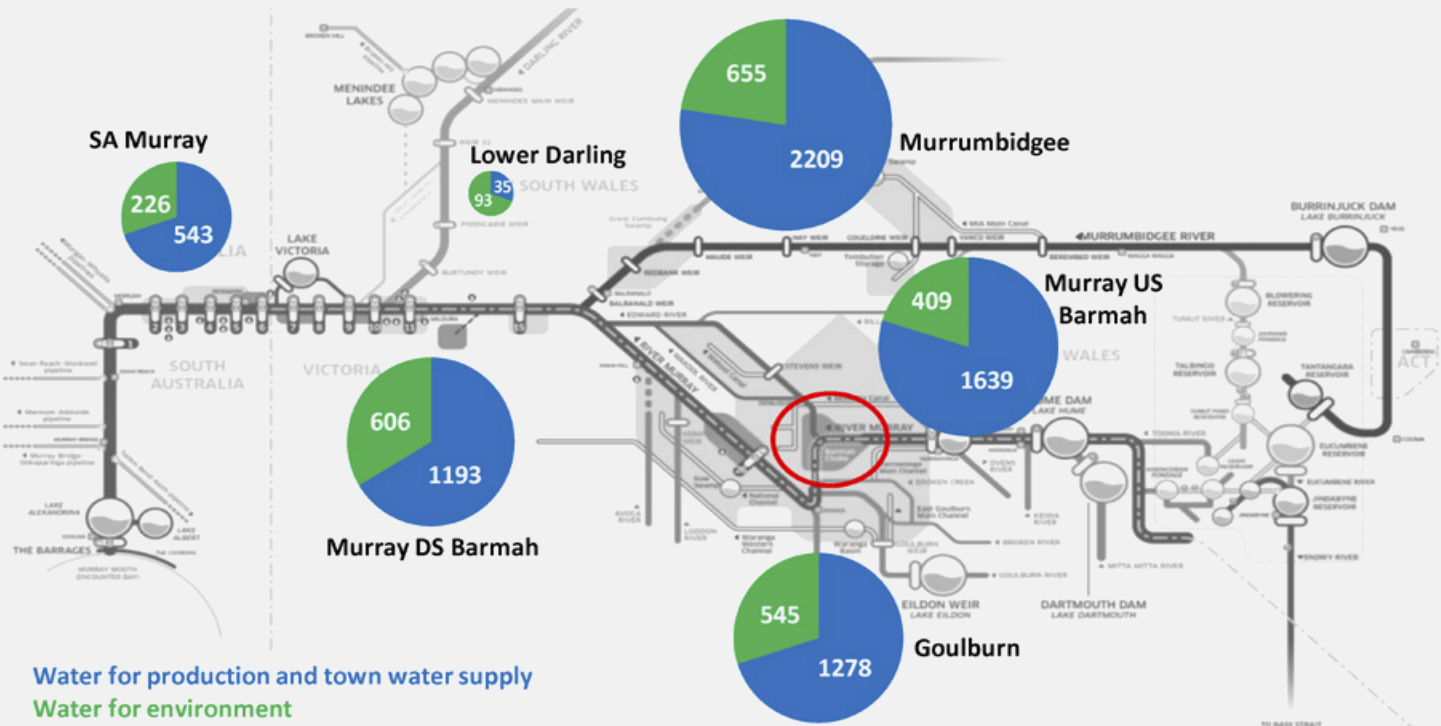
Current UpWater Estimates reveal 25.8* GI Recovered or committed, a gap of about 425 GI

If the Plan is 3,200 GI, there is a massive shortfall (currently 200 GI + 425 GI) looming

625 GL is more than the entire remaining consumptive pool of South Australia



Water available for use (long term average – GL/y)



Source; MDBA, 2022

Under current settings the only way to bridge the gap is via BuyBacks.

BuyBacks;

- Undermine recent investments & upgrades to irrigation districts;
- Make operating irrigation regions less viable to operate;
- Hollow out the productive capacity of vulnerable regions;
- Distort water markets and elevate water prices;
- Erode the economic base of towns, cities and regional centres;
- Reduce resilience of entire commodity sectors in times of drought;

BuyBacks are known to be the most damaging form of water recovery



"The size and speed of water purchases has had negative socioeconomic impacts on some regional communities."

**Productivity Commission*



"The difficulty for local communities is where buyback leads to the long term loss of economic resources and community wherewithal and increased exposure to risks that are not offset by other compensatory gains. This has been a common lived experience of most forms of buyback, and why the Panel often heard people in rural and regional Basin communities say buybacks were the least preferred recovery mechanism. If buybacks are to be used in the future, the challenge will be to address these concerns so the program has community support."

Independent Assessment of Social and Economic Conditions in the Murray Darling Basin (Sefton & Ors, 2020)

The removal of 625 GL through buybacks will have a significant and unpredictable impact on Basin communities and economies.

Why should regional communities be punished for failure of governments to implement policy effectively?

Socio-economic Neutrality

The Basin Plan has always required efficiency recovery projects to be socio-economically neutral.




December 2018;
Ministerial Council
(all Basin State Ministers)
**agreed to refine the
neutrality test and
criteria to include;**

- No negative Third party impacts
- No impact on irrigation systems
- No impacts on water markets
- No impacts on local communities

Basin Plan, 2012 sec.7.09(a)

"environmental outcomes are increased while maintaining or improving social and economic outcomes."

Victoria is already delivering projects that are recovering water, have community support and are socio-economically neutral.



The agreed criteria is not an excuse to 'do nothing'



The neutrality test and criteria are a threshold to push governments to try harder to design and deliver win-win recovery projects.

Proper application of the neutrality test will rebuild the social license of the entire Basin Plan Reform.

The timing of recovery will matter



Constraints

...recovery of water through efficiency measures has become increasingly divorced from the environmental outcomes it is meant to achieve...*

...The Australian Government should recover water in line with the ability to use it effectively....*

**Productivity Commission, 2019*

"From this point on, Australian Governments should time planned further water recovery in the northern and southern Basins to match the capacity of systems to deliver water to where it is needed, to achieve enhanced environmental, social and working river outcomes without detrimental uncompensated third party impacts."

Independent Assessment of Social and Economic Conditions in the Murray

Darling Basin (Sefton & Ors, 2020)

All constraints relaxation projects (except SA) are at high or extreme risk*

• *MDBA Annual Assurance Report 2021*

Not addressing constraints will leave the MDBA open to legal action for flood damage to private property, on an ongoing basis.

How to recover the volume of water required with broad buy-in and minimal socio-economic impact?



- **Extend the timeframes for efficiency projects – as long as it takes to recover 605 GI;**
- **Hold faith with regional communities and commit to the socio-economic neutrality test;**
- **Focus recovery on off-farm efficiency projects, where investments and upgrades will help future-proof regions in times of scarcity.**
- **Carefully calibrate any future water recovery with implementation of constraints relaxation.**

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