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INSTITUTE

## SUBMISSION

# Murray-Darling Basin Plan: Implementation Review 2023: Interim report

**November 2023**

Photo: Deniliquin (NSW)



## **Murray-Darling Basin Plan: Implementation Review 2023**

Productivity Commission

GPO Box 1428

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The Regional Australia Institute (RAI) appreciates the use of this forum to contribute to the ongoing policy discussion regarding the Murray-Darling Basin Plan (MDBP). In this submission we will seek to address the *Murray-Darling Basin Plan: Implementation review 2023: Interim report* (MDBP Interim report)<sup>1</sup>, the *Water Amendment (Restoring Our Rivers) Bill 2023*, and the Senate Environment and Communications Legislation Committee report on the *Restoring Our Rivers Bill*<sup>2</sup>.

The RAI is founded on the empowerment and reinforcement of our regional communities. The Institute's *Regionalisation Ambition 2032* and subsequent progress report, outlines the ongoing commitment the RAI maintains to regional welfare. In implementing the MDBP, the welfare of our Murray-Darling communities must be a foremost priority of the Murray-Darling Basin Authority (MDBA). Basin communities are crucial to the welfare of regional Australia, moreover to Australia as a whole. They must be respected, and they must be heard in this important discussion of the Murray-Darling Basin (MDB).

The RAI highlights the proposed *Restoring Our Rivers* amendments, with the removal of the 1,500 GL cap on water entitlement and allocation buybacks, the allowance of voluntary buybacks for the additional 450GL sustainable target, and the enabling of funds from the Water for the Environment Special Account (WESA) to be used for water buybacks. The cumulation of these three policies, indicates that the primary method for achieving the MDBP water recovery target will be through water buybacks, including water reclamation targets that were originally intended to be filled by efficiency improvements.

### **Recommendation 1: Socioeconomic tests to be implemented in water buybacks**

Socioeconomic tests were implemented to ensure that infrastructure projects under the MDBP would not harm the Murray-Darling communities. The same socioeconomic safeguards do not exist in respect to buybacks. Adequate provisions must be applied to the consideration of where buybacks occur, and the effect the reclamation of water from the consumptive pool will have on a community. While the process of a water buyback is facilitated between the Government body and the individual or organisation, there must be consideration for the impact on the future of the concerned regional community.

Outcomes from Seftons' *Independent Assessment of Social and Economic Conditions in the Murray-Darling Basin*, illustrate the perceived effects of water availability in Basin communities. 41% of survey respondents indicated that "the liveability of this community" is getting worse, with less than 2% indicating the contrary. Furthermore, 60% indicated that "the availability of local jobs" is getting worse, 65% indicated that "the local economy" is getting worse<sup>3</sup>. Similar trends were exhibited across

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<sup>1</sup> MDBA, *Murray-Darling Basin Plan: Implementation review 2023: interim report* (2023), Australian Government Productivity Commission, Canberra.

<sup>2</sup> Senate Environment and Communications Legislation Committee, *Water Amendment (Restoring Our Rivers) Bill 2023 [Provisions]*, Canberra.

<sup>3</sup> Sefton, R, Peterson, D, Woods, R, Kassebaum, A, McKenzie, D, Simpson, B & Ramsay, M 2020, *Independent assessment of social and economic conditions in the Murray-Darling Basin*, Panel for Independent Assessment of Social and Economic Conditions in the Murray-Darling Basin, Australian Government: DCCEW, Canberra, p. 14.

all other socioeconomic indicators posed in the survey, demonstrating a clear detrimental effect on the community, with little indication of positive outcomes.

Submissions to the Senate Environment and Communications Legislation Committee regarding the *Restoring Our Rivers Bill*, portray shortcomings of the 'socioeconomic test' on efficiency projects as per sections 3.28, 3.29, and 3.30<sup>4</sup>. However, there remains the need for a fundamental mechanism to recognise the lived experiences of farmers and irrigators in effected regions, further providing the ability to prevent proposals with overly negative socioeconomic outcomes. The Institute strongly advises against the complete removal of these safeguards to complete reclamation targets. The loss of these provisions will compound the socioeconomic detriment of Murray-Darling communities.

As stipulated in the current and proposed amendments to the MDBP, socioeconomic tests are not mandated on water reclamation through buybacks. Considering the proposed change to the additional 450GL target to allow voluntary water purchases to be carried out to meet the target. The removal of the water efficiency improvement mandate also removes the socioeconomic tests being applied to the 450GL. Therefore, to ensure that the additional water target is still subject to socioeconomic testing, a form of the socioeconomic test must be applied to water buybacks.

Within socioeconomic testing as applied to buybacks, consideration must also be given to the geographic saturation of buybacks. The amount of water obtained from each region is crucial towards measuring the imposition of buybacks on regional communities. Higher water buyback activity will increase the likelihood of socioeconomic effects. This relationship must be considered in the engagement of water acquisition, ensuring that purchase of water entitlements is done so equally across basin communities. Adopting this principle has the potential to mitigate the socioeconomic effects of buybacks and to not stifle the economic growth of regional industry.

## **Recommendation 2: Disbursement of community adjustment packages**

The RAI commend the allowance of community adjustment support measures to be provided in areas affected by MDBP implementation. These packages must work on two levels, the first to supplement effects on individuals, and the second to address the overall socioeconomic wellbeing of affected communities.

Affected individuals include those employed in secondary industries within Basin communities that rely on the productive capacity of primary, agricultural, and horticultural industries. Employees in connected industries are indirectly dependent on water availability and consumptive use. Therefore, these members of MDB communities must be considered amongst those directly Affected.

Community level implementation of community adjustment packages must address the immediate short-term effects of the MDBP, coupled with consideration of long-term regional socioeconomic welfare. The institute requests that there be consideration of long-term economic growth, alongside the social aspect of water reclamation. Primary industry is essential to the economic welfare of Murray-Darling communities, as such reasonable efforts must be made to increase the economic prosperity of these regions with the introduction of new innovative industries and transformation of pre-existing industries. While longer-term regional development projects may fall outside the scope of socioeconomic adjustment packages, the Institute recommends that Murray-Darling communities affected by the MDBP, must be considered for long-term regional development projects, to aid in the Governments' socioeconomic response.

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<sup>4</sup> Senate Environment and Communications Legislation Committee, *Water Amendment (Restoring Our Rivers) Bill 2023 [Provisions]*, Canberra, p. 36.



The Institute measures the wellbeing of Australian regions in the *Regionalisation Ambition 2032 and Year 1 Progress Report 2023* against five key targets of Liveability, Population, Productivity, Sustainability, and Jobs and Skills. The MDBP will have an impact on regions across all Ambition targets as illustrated with the socioeconomic measurements of the *Seftons Report*<sup>5</sup>. With an estimated 785GLs remaining across all targets<sup>6</sup>, the reclamation of this water must be done so with sincere consideration for the Basin communities.

### **Recommendation 3: More effective and expanded community engagement**

There is a necessity for more effective communication of the MDBP as well as increased transparency of the decision-making process of MDBP implementation. The institute commends the MDBA for including these provisions and findings, further endorsing these recommendations to be legislated. Particularly, Interim recommendation 9.3<sup>7</sup>, outlining a standing agenda item at Basin Officials Committee meetings to discuss community perspectives and input in decision-making, will be beneficial to the operations of the MDBA. The RAI endorses continued and expanded community engagement activities, as this will aid community socioeconomic mitigation efforts of MDBA decisions.

To conclude, the RAI recognises the imposition of water reclamation policies on regional communities. Socioeconomic safeguards must be introduced, maintained, and adhered to. Regional communities must not be victim to efficiency measures in conducting the MDBP and must be compensated for the loss of economic potential. The addition of buyback measures to the 450GL efficiency improvement target will remove further water from productive use. As such, for future consideration the RAI requests that the economic shock caused by the removal of this water from productive use be considered in future compensation measures. While this may not be addressed in full by the disbursement of community adjustment packages, it must be considered by State and Federal Governments.

Kind regards,

**Liz Ritchie**  
**CEO, Regional Australia Institute**

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<sup>5</sup> Sefton, R, Peterson, D, Woods, R, Kassebaum, A, McKenzie, D, Simpson, B & Ramsay, M 2020, *Independent assessment of social and economic conditions in the Murray–Darling Basin*, Panel for Independent Assessment of Social and Economic Conditions in the Murray–Darling Basin, Australian Government: DCCEW, Canberra

<sup>6</sup> MDBA, *Murray-Darling Basin Plan: Implementation review 2023: interim report (2023)*, Australian Government Productivity Commission, Canberra, p. 7.

<sup>7</sup> MDBA, *Murray-Darling Basin Plan: Implementation review 2023: interim report (2023)*, Australian Government Productivity Commission, Canberra, p. 224.