

Office of the Chief Executive

Ref: EC19-000165

Ms Christine McDonald
Secretary
Senate Environment and Communications Legislation Committee
Parliament House, Canberra
Email: ec.sen@aph.gov.au

Dear Ms McDonald

Thank you for inviting the Murray Darling Basin Authority (MDBA) to provide a written submission to assist your inquiry into the Water Amendment (Purchase Limit Repeal) Bill 2019. While the Department of Agriculture and Water Resources has responsibility to recover water for the environment, and the mix of water recovery through purchase (buyback) and infrastructure investment is a matter for the government, this brief submission directs you to the published research the MDBA has undertaken that highlights the flow on social and economic effects of water buybacks.

It is widely acknowledged that buying water entitlements for the environment is the most cost effective water recovery approach when direct budget outlays are considered. Selling water entitlements to the government also benefits sellers as this is a strategy businesses can use to manage the changing pressures on their enterprise. Furthermore, the MDBA has always recognised that a healthier environment can also provide social and economic benefits to Basin communities.

However, when the Basin Plan was prepared, it was also recognised that the buyback of water entitlements and the consequent reduction in irrigated activity would have flow on social and economic impacts for irrigation dependent businesses and communities. Murray Darling Basin communities have expressed great concern over these flow on impacts and the MDBA has made considerable effort in recent years to better understand these impacts.

Through recent MDBA research, we now have an appreciation that the social and economic effects of environmental water recovery on communities and industries are heavily influenced by the volume of water recovery and the mix of buybacks relative to investments in water saving infrastructure. The scale, pace, and timing of water recovery also influence the social and economic outcomes.

The work uses a measure of 'net buybacks' – the volume of water buybacks offset by water savings retained by participants in infrastructure based water recovery programs – to gauge

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the effect of water recovery at the community level. The peer-reviewed analysis and estimates of the social and economic effects of environmental water recovery in over 60 communities in the Basin are available at:

<https://www.mdba.gov.au/publications/mdba-reports/northern-basin-review-technical-overview-socio-economic-analysis> for northern Basin communities, and

<https://www.mdba.gov.au/publications/mdba-reports/southern-basin-community-profiles> for southern Basin communities.

Importantly, the work separately identifies the effects of the Basin Plan from other factors leading to changes in social and economic conditions in these communities. For example, around one third of the reduction in total employment in southern Basin communities between 2001 and 2016 has been attributed to environmental water recovery. Non-Basin Plan factors account for the remainder.

For 30 of the 40 southern Basin communities studied, the effects of environmental water recovery was small or modest. However, 10 communities had experienced substantial changes in social and economic conditions between 2001 and 2016 and the Basin Plan has been identified as a strong contributor to those changes.

Finally, while the MDBA does not have a position on this issue, we know many in the community have a broad spectrum of views. In the interests of consultation, we have let the members of our Basin Community Committee know about this inquiry. Noting the short time for submission, if any community members seek an extension to provide a submission I ask that you consider their requests favourably to allow the inquiry to hear the broad spectrum of views present in the community.

The MDBA appreciates the opportunity to provide this submission. We would be happy to provide further detailed information if the Committee feels it would be valuable or necessary.

Yours sincerely



Phillip Glyde

27 February 2019