



Australian Government response to the *First Review of the Water for the Environment Special Account*

Department of Agriculture, Water and the Environment

The Australian Government welcomes the First Review of the Water for the Environment Special Account.

The Water for the Environment Special Account makes available funding to deliver projects which are intended to achieve two key components of the Basin Plan:

- a) The recovery of 450 GL of additional environmental water, and
- b) The easing or removal of constraints on delivery of environmental water.

The *Water Act 2007* requires two reviews of the Special Account to be undertaken. These reviews are to examine whether the amounts credited or to be credited to the Water for the Environment Special Account are sufficient to increase, by 30 June 2024:

- a) The volume of water of Murray-Darling Basin water resources available for environmental use by 450 gigalitres, and
- b) Easing or removing constraints on delivering environmental water to the Basin's assets.

They are also to consider the progress that has been made, and is anticipated to be made towards increasing the volume of Basin water resources available for environmental use, and the effectiveness of project design in increasing this volume to date, among other things.

In 2019, a review panel, comprising Ms Sally Farrier (Chair), Mr Simon Lewis AO PSM and Ms Merran Kelsall, were appointed to undertake the first review of the special account. On 24 March 2020, the review panel provided the Australian Government with a copy of their report, which sets out their findings and observations and explains the data and evidence on which they are based, including input from stakeholders.

Having considered the report, I am satisfied that the review panel has undertaken its review consistently with the *Water Act 2007* and its terms of reference.

I am pleased to table the review panel's report and provide this response to the report on behalf of the Australian Government.

I thank the panel for their work. They demonstrated a real commitment and effort to consult broadly, listen carefully, and cut through the complex and intertwined issues raised with a clear and direct analysis. I also acknowledge the efforts of Basin state governments and stakeholders that shared their knowledge and expertise by participating in meetings and discussions with the review panel.

I note the report's overarching findings that, based on current progress, the 450 gigalitres of additional environmental water and constraints measure projects will not be fully delivered by 30 June 2024. Further, that the \$1.575 billion Special Account allocation will not be expended by this date. I note that the report also found that, if progress was greater, this funding would be insufficient to enable the full recovery of the 450 gigalitres of additional environmental water.

I acknowledge the panel's observations regarding the limitations of the current efficiency measures program design. In particular, that the socio-economic impact test requirements, delivery partner model, the funding available for projects being capped at a market multiple of 1.75, and limited positive promotion of the program, may have impacted on program participation.

I support the panel's observations that successful Basin Plan implementation requires an ongoing partnership between relevant stakeholders, and there is a need for governments to work collaboratively and communicate more clearly with communities.

The panel also observed that many Basin stakeholders have 'consultation fatigue' and that this should be taken into account in any government response to the review.

The Australian Government does not support amending the Water Act and Basin Plan to extend the timeframes for recovery of the 450 gigalitres of additional environmental water or the constraints measure projects.

However, it is clear that we need to refresh our approach to Basin Plan implementation. We do not want to see the health of our Basin rivers and downstream communities go backwards.

The Murray-Darling Communities Investment Package announced on 4 September 2020 outlines our refreshed approach to the Basin Plan implementation. Consistent with this package, the Australian Government is committed to improving progress towards achievement of the 450 gigalitres and constraints projects. We will also be making some broader changes to put our Basin communities and jobs at the heart of the Basin Plan implementation and address findings of other recent Basin reviews such as the *Independent Assessment of Social and Economic Conditions Across the Basin* (Sefton Review).

In particular, we will:

- Work with the Basin States, and partner with the National Water Grid Authority, to accelerate planning and delivery of constraints projects at risk of not being delivered by 30 June 2024.
- Focus on recovering water for the environment by modernizing off-farm water delivery infrastructure, and work with Basin States and irrigation networks to identify projects to generate water savings through off-farm infrastructure modernization programs.
- Should states or communities identify and propose on-farm water efficiency projects, the Australian Government will work with Basin states to consider proposals, including whether they meet neutrality criteria and whether offsets are required. This approach will ensure only projects that are farmer and community-led will be considered.

- Invest \$37.6 million in a new Sustaining Riverland Environments Program to implement three new downstream river health projects and help mitigate the delays in progress towards achievement of the 450 GL of additional environmental water.
- Deliver \$34 million for economic assistance to communities struggling with the effects of water recovery by extending the successful competitive grants Murray-Darling Basin Economic Development Program.

My department will report on progress of the Murray-Darling Communities Investment Package as we lead into the second review of the Water for the Environment Special Account in 2021.

The Hon. Keith Pitt MP

Minister for Resources, Water and Northern Australia