

Politics, policy and the Basin Plan

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Acknowledgement of Country



- We acknowledge and pay respect to the Traditional Owners of the Murray–Darling Basin and their Nations.

We pay respect to the Traditional Owners of the lands and the waters upon and around which our organisations are situated.

- We acknowledge their deep cultural, social, spiritual, environmental and economic connection to their lands and waters. We pay respect to their Elders – past, present and future.



NO WATER
NO RIVER
NO LAKES

Save The
-Barka-
Darling River

Save The
RIVER

Save Our Darling
RIVER!!
You killed our FISH
You drained our BLOOD
WE WANT ACTION

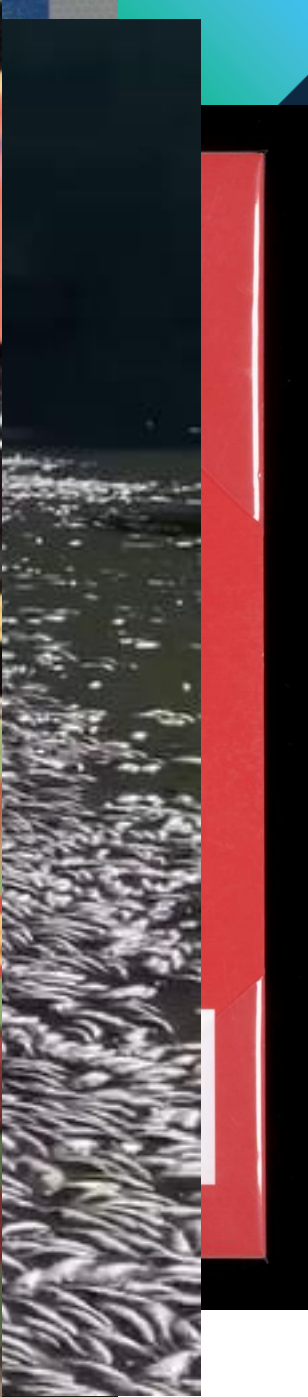
Our River
Our Life

OUR LIFE NOT DROUGHT GREED
GOVERNMENT MISMANAGEMENT

MILLIONS OF
A FISH
MILLI
ISH FOR

SAVE THE DARLING RIVER
RIVER
NOT FOR
SALE
WATER IS OUR BLOOD, WITH OUT
OUR WATER EVERYTHING DIES

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Overview



- Quick refresher – what is the MDB and why the Basin Plan
- Progress of Basin Plan implementation
- The controversies (not exhaustive)
 - Social economic impacts – past and future
 - Impacts on the water market
- Future of the Basin Plan and challenges for the almond industry
 - 2026 Basin Plan Review
 - Climate change

What is the MDB and why the Basin Plan?

Water resources in the Murray–Darling Basin



The Basin has 23 major rivers



Rainfall: 530,618 GL on average per year



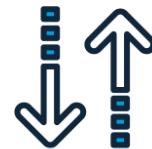
90% of this rainfall evaporates



Less than 10% seeps into the ground or runs into the rivers



86% of the Basin contributes virtually no runoff to the river system, except in times of flood



The average amount of surface water available is 33,000 GL per year and is likely to decrease



Fishing employs
11,000
people



Largest & most complex river system
in Australia



Home to
2.3 million
Australians



Towns & rural communities rely on a
healthy river system



More than
40
First Nations



\$22 billion
agriculture
industry



120 waterbird
species &
more than
50 native fish
species



Spans four states & one territory



Australians visit their
rivers & lakes for recreational & social activities



\$11 billion
tourism
industry

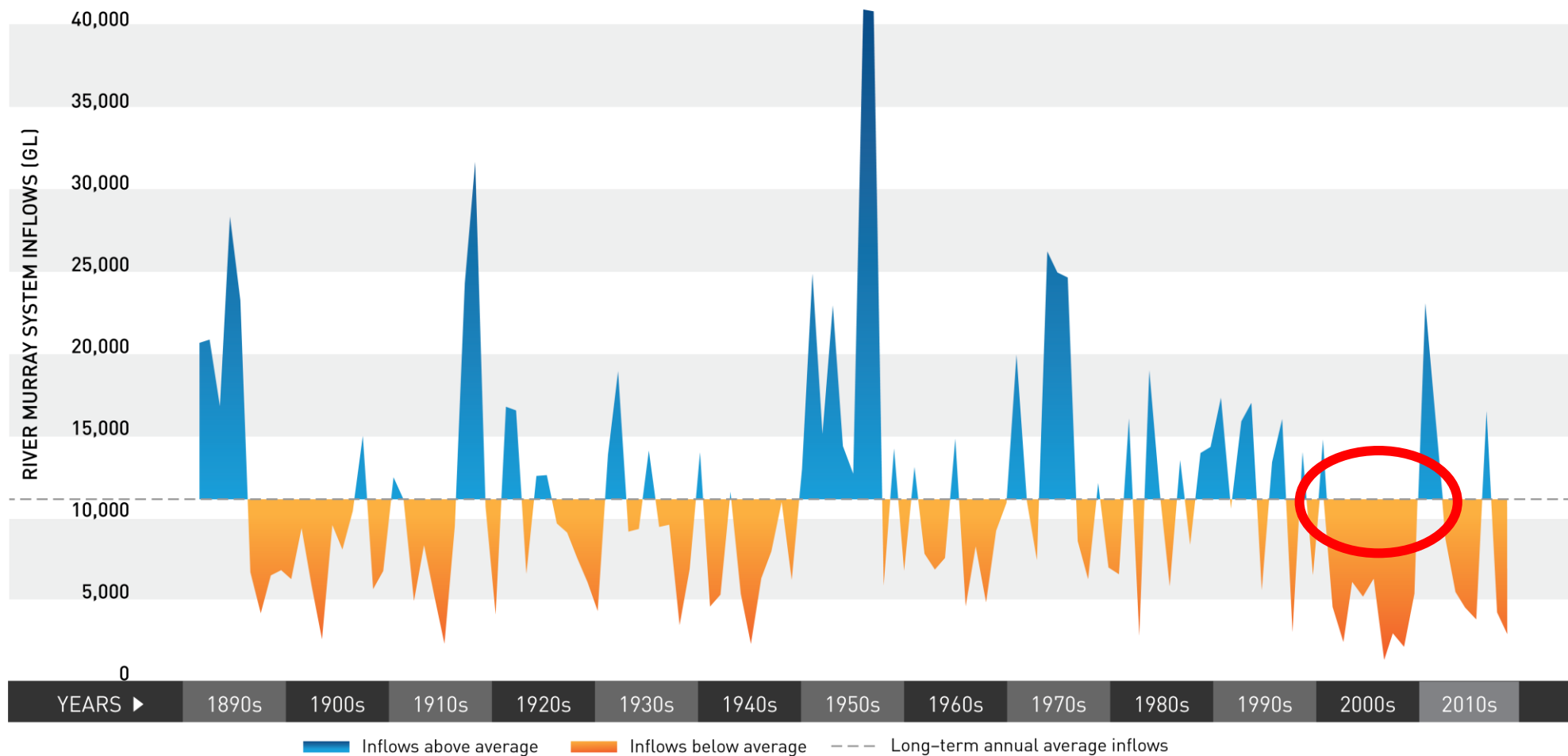


7,300
irrigated agriculture businesses



16
internationally recognised & protected wetlands

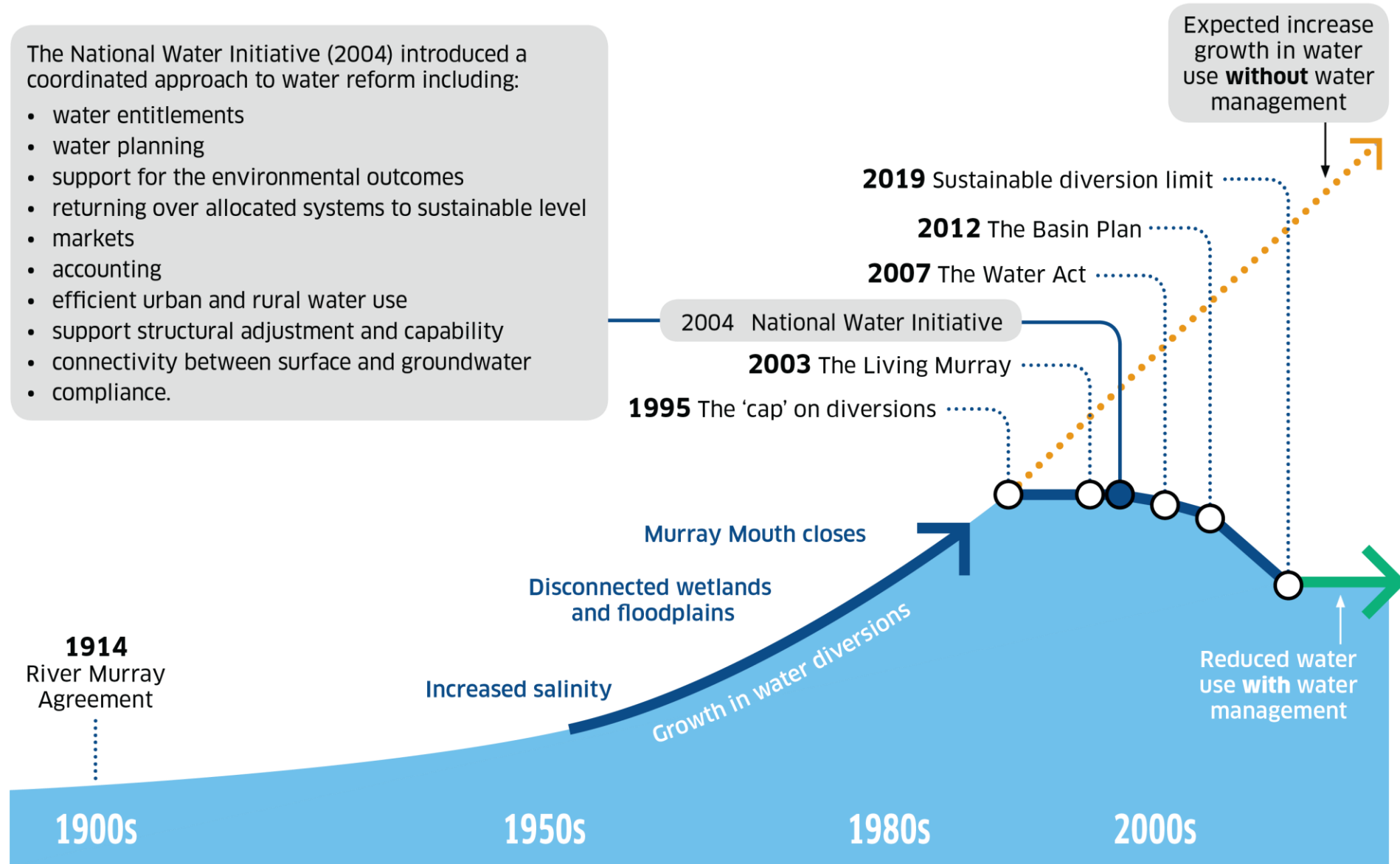
Murray–Darling Basin inflows



History of water reform in the Basin

The National Water Initiative (2004) introduced a coordinated approach to water reform including:

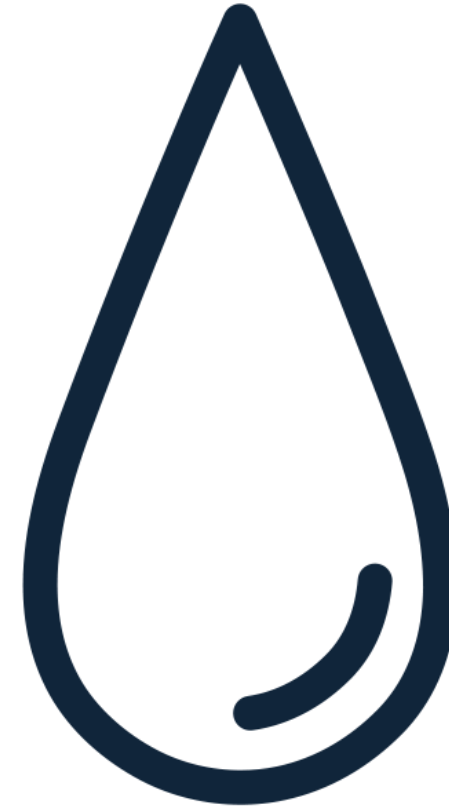
- water entitlements
- water planning
- support for the environmental outcomes
- returning over allocated systems to sustainable level
- markets
- accounting
- efficient urban and rural water use
- support structural adjustment and capability
- connectivity between surface and groundwater
- compliance.



What the Basin Plan does



- Sets water extraction limits (SDLs)
 - Through catchment Water Resource Plans
- Prioritises water for the environment
 - Through Environmental Watering Plan
- Sets targets for water quality
- Sets rules for water trade
- Applies adaptive management: plan, monitor & evaluate



Progress of Basin Plan implementation

Sustainable Diversion Limits (SDLs)



- There is an SDL for each surface water and groundwater catchment in the Basin, as well as one for the Basin as a whole
- They are a new ‘cap’ on water use - regulate the amount of water that can be used for consumptive purposes
- In all catchments the new SDL is lower than previous limits = water must be ‘recovered’ for the environment
- SDL Adjustment Mechanism (SDLAM) written into the Plan which allows the SDL to change

Current water recovery target



* all figures are long-term averages

Current amounts of water recovery



Commonwealth recovery purchased	Commonwealth recovery from infrastructure projects	Other Commonwealth recovery	Total recovery by state projects	Total estimated contracted water recovery
1,255.5 GL/y	692.8 GL/y	15.4 GL/y	168.0 GL/y	2,131.7 GL/y

The total remaining water recovery* is as follows:

Recovery remaining to meet all local targets	Recovery remaining to meet all shared targets	Total water recovery still required
22.0 GL/y	0 GL/y	22.0 GL/y = Bridging the Gap

*as at 30 June 2024.

+450GL + SDLAM shortfall (190-315GL)

(Some of) the current
controversies

Social economic impacts



- There has been study after study after study...and there will be more....
 - E.g: Sefton Review; 2020 Basin Plan Review; consultant reports (e.g. MJA, Aither/Ricardo, RMCG, Frontier); academic papers (e.g. Wheeler et al); ABARES.
 - Little agreement on size of impact....
 - ... except all agree measurement of impact is complicated and there are many drivers of change in irrigated agriculture – markets, climate, consumer preferences, farmer behaviour & adaptation, policy and regulations.
 - All agree the impacts are unequal – some locations and industries more impacted.
 - All agree that communities need time to adjust and Govt support must be well targeted and delivered in partnership with communities.
- What about the current 450GL recovery?

Current 450GL recovery



- Will be staged and focus on southern Basin:
 - Open tender for 70GL just closed (early Sept)
 - EOI opened this week for 2025 purchases – no indication of volumes or location (except will be in southern Basin)
- Social and economic impacts offset by \$300m Sustainable Communities Program
- Supported by ABARES economic modelling – impact on allocation price, industry-level water use & production value.

Impacts of 450GL buyback on water markets and production



Table 1 Summary results for the southern Murray–Darling Basin

Variable	Baseline scenario (No further recovery)	125 GL buybacks	225 GL buybacks	325 GL buybacks
Average water allocation prices (\$/ML)	474	498	519	545
% change in average water allocation prices		5.0	9.5	15.0
Average water use (GL/yr)	3,748	3,675	3,616	3,571
% change in average water use		-2.0	-3.5	-4.7
Average GVIAP (\$b/yr)	6.87	6.81	6.76	6.72
% change in average GVIAP		-0.9	-1.6	-2.2

Note: Values reported in \$2022–23 dollars. “No further recovery” includes all water recovery as of October 2023, but no additional recovery. Water recovery volumes expressed as long-term average annual yield. GVIAP denotes gross value of irrigated agricultural production.

Estimated impact of recent 70GL tender



Table 5. Impact on GVIAP (\$m) by industry

Industry	Baseline	70 GL	% change
Almonds	\$992	\$992	0.0%
Other horticulture	\$3,569	\$3,558	- 0.3%
Dairy	\$748	\$744	- 0.5%
Other livestock	\$627	\$623	- 0.6%
Cotton	\$284	\$281	- 1.1%
Rice	\$225	\$218	- 3.1%
Hay	\$117	\$115	- 1.7%
Other cropping	\$309	\$306	- 1.0%
All irrigation activities	\$6,872	\$6,837	- 0.5%

Note: Values reported in \$2022–23 dollars. GVIAP denotes gross value of irrigated agricultural production. Dairy and other livestock both fall under the “pastures grazing” water use category, reported above.

The future for the Basin Plan

MDBA Basin Plan Evaluation & Review

- Basin Plan is evaluated every 5 years and reviewed every 10
- Next evaluation is due in 2025; review due 2026



Focus of the 2026 Basin Plan Review



Outcome: ??

But can be sure there won't be more water for consumptive use.

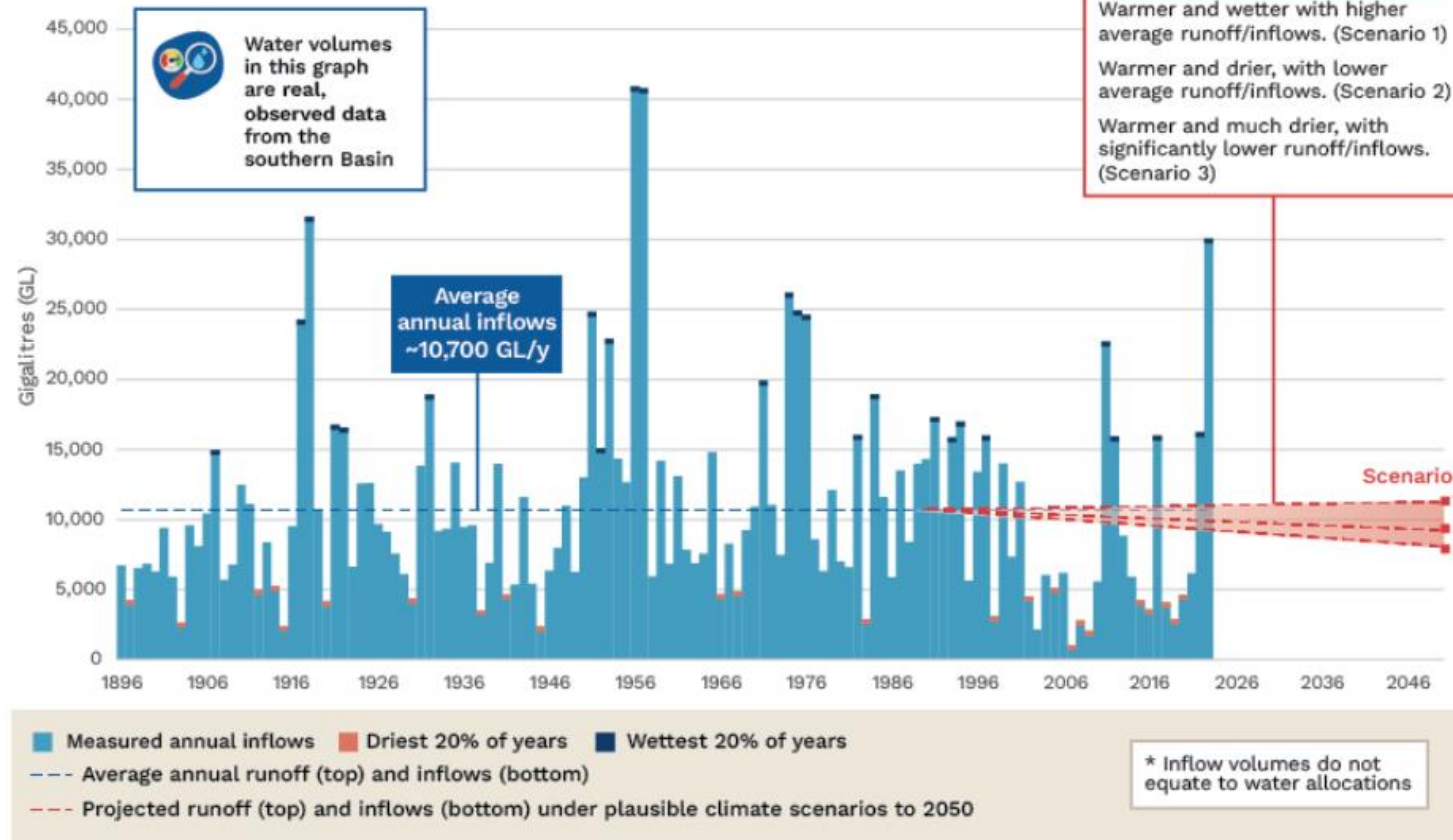
Climate change impacts



- Decrease in rainfall, increase in drought frequency and severity
- Water quality impacted

Climate change and southern MDB

River Murray System inflows* 1896 to 2023



Climate change and water price

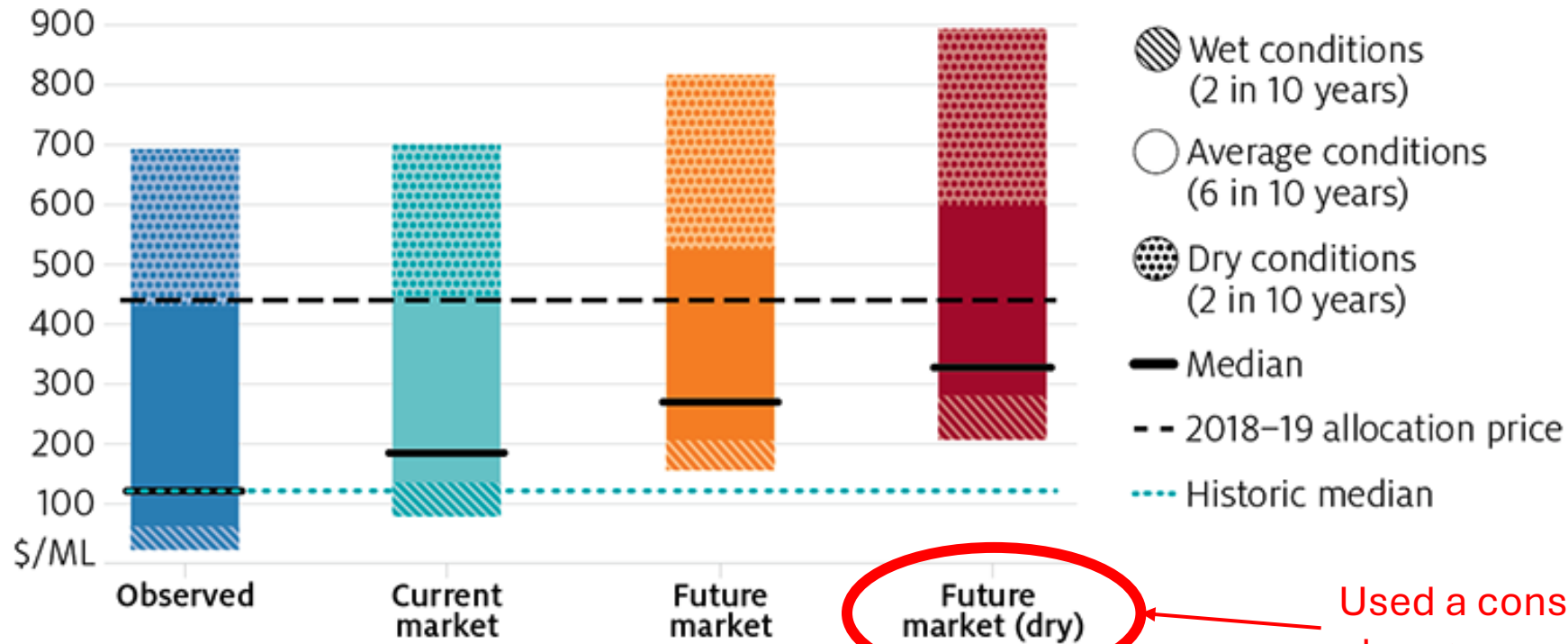


Figure S1 Weighted water allocation price by scenario, southern Murray-Darling Basin

Used a conservative climate change scenario to 2030

Challenges for the almond industry



- Further water recovery – the ‘450’ and SDLAM shortfall
- Climate change and allocation price – conservative 50%+ increase in average years by 2030s
- The next Basin Plan – will there be less water for consumptive use and what will that mean for water supply and price?

Put simply



Policy = Basin Plan and its water diversion/extraction limits to meet environmental targets

Politics = how the water is removed from the consumptive pool to achieve Basin Plan targets

Questions

