



Australian Government

Department of the Environment, Water, Heritage and the Arts

C09/15686

Mr Greg Parr

Dear Mr Parr

Your letter of 23 August 2009 to the Prime Minister, the Hon Kevin Rudd MP, concerning the purchase of water entitlements from the Twynam Agricultural Group has been passed to the Minister for Climate Change and Water, Senator the Hon Penny Wong. The Minister has asked me to thank you for your letter and to reply on her behalf.

The primary objective of the Australian Government's 'Water for the Future' plan is to provide irrigators and communities in the Murray-Darling Basin (the Basin) with the certainty, reforms and resources they need to adjust to a future with less water as a result of climate change.

The recently established, independent Murray-Darling Basin Authority will develop a Basin Plan by 2011, which will include a sustainable cap on surface and groundwater extraction across the Basin.

However, it is not acceptable to wait until the Basin Plan comes into effect before more water is returned to the environment. This is why the Australian Government has committed \$3.1 billion to purchasing water entitlements from willing sellers across the Basin. These purchases will also smooth the transition to the lower sustainable diversion limits expected in the Basin Plan. The water entitlement purchasing program is not only returning water to the environment, but also provides irrigators with more options to manage their way through the current drought. By selling water, irrigators are better placed to retire debt, invest in farm upgrades, diversify their operations or exit irrigation.

As discussed in your letter, the Government has purchased 240 GL of water entitlements worth \$303 million from the Twynam Agricultural Group. Twynam has been progressively changing its production mix from summer irrigated crops to winter dryland cereals and the water sale will help Twynam to make this transition. Twynam has stated that the water sale is not expected to have any significant impact on the number of its full-time or part-time employees. While there is some community concern about the impact of purchases on downstream processing industries, the recent extended drought is the major factor impacting on these industries and associated communities.

It is important to note that the water entitlement purchasing program is only one part of an integrated package of measures to help transition communities to a future with less water. The Government is also investing \$5.8 billion in improving the efficiency by which irrigation water is delivered and used. In New South Wales, \$708 million has been earmarked for priority projects that will improve the efficiency of on-farm stock and domestic supply systems, modernise infrastructure for direct river diverters, upgrade meter system accuracy and modify floodplain structures. Additionally, \$650 million will be available in New South



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Wales for private irrigation infrastructure operators to undertake projects involving delivery system improvements, meter upgrades, on-farm measures and reconfiguration.

More recently the Government has announced the \$300 million On-Farm Irrigation Efficiency program, which will invest in on-farm improvements in exchange for a share of the water savings achieved. This will help irrigators cope with reduced water availability while delivering water for environmental purposes.

The Government also recently launched the \$200 million Strengthening Basin Communities program. Under this program grants will be available for local governments in the Basin to assist them to plan, at a community level, for a future with less water. The Shire of Hay has applied for funding under this component of the program, in a consortium with the Shire of Balranald and Wentworth Shire Council. All applications are currently being assessed; notifications of the outcomes are due in October 2009.

The Strengthening Basin Communities program also includes a water savings component, which will provide grants for local governments to invest in initiatives that will improve urban water security to meet the needs of communities now and in the future. Eligible activities include, but are not limited to, recycling and reuse, stormwater capture and reuse, water sensitive urban design and desalination. Round One of this component of the program opened on 2 September 2009 and closes on 6 November 2009. The Shire of Hay may apply under this funding round, or under a second round to be held in 2010-11 that will allow local governments to apply for funding for measures developed through the planning component described in the above paragraph.

The current pressures on irrigation communities are overwhelmingly being driven by the drought. To reduce the risk of future economic suffering and environmental damage of the kind being experienced in this drought, the Government is investing significantly in a range of water recovery, irrigation infrastructure efficiency and planning initiatives that will help regional communities transition to a future with less water as a result of climate change.

Thank you for bringing your issues to the Government's attention.

Yours sincerely

Colin Mues
Assistant Secretary
Water Recovery Branch
17 September 2009