

One Basin CRC Additional Advice for the Public Hearing of the Senate Inquiry into the Water Amendment (Restoring Our Rivers) Bill 2023

1 November 2023

This statement provides additional advice to the Senate Committee for Communications and Environment following my written statement provided on 30 October 2023 and subsequent appearance at the public hearing of the Senate Inquiry into the Water Amendment (Restoring Our Rivers) Bill 2023 on 31 October.

Options for water recovery that do not involve the transfer of title.

Statement: There is merit in expanding the eligible measures for recovery of water for the additional 450Gl/years environmental water to include: purchase of allocations; multi-year lease of water; and options contracts for future purchase of water allocations.

Much of the discussion at the first day of the Public Hearing focused on the purchase of water entitlements to recover the gap in the SDLAM Supply measures target and the additional 450Gl of environmental water. The discussion was to either proceed with such purchases or continue on the current path. In this binary view of alternatives, there appears to be a risk that other options for water purchases, which have some merit, are overlooked.

In my earlier written statement, I highlighted the opportunity to use contracts with water entitlement holders for options to secure water allocation for environmental use in the future. In addition to this measure, the commonwealth might lease water entitlements, or purchase water on the temporary market (water allocations). These measures were supported throughout the first day of the public hearing by a wide range of witnesses.

Advantages of these alternative approaches for the government are that they appear to be more widely acceptable to stakeholders than other options, and they provide flexibility for the CEWH to adapt its portfolio over time. A disadvantage is that ongoing transactions will be needed to maintain target volumes of environmental water managed by the CEWH.

The purchase cost for these measures relative to buy-back of entitlement requires some analysis. The upfront purchase cost will be lower but there will be a higher ongoing cost for the contract or allocation mechanisms for recovering water. The net effect will depend on a range of factors. Evaluating the relative costs should not be a difficult task for specific cases. This can be undertaken during the implementation of the amended Water Act to inform decisions on preferred water recovery measures. It will be also important to consider whole-of-life social, economic and environmental impacts resulting from choice of recovery measure.

As I noted in my earlier statement, these contract and allocation approaches to water recovery appear to be ineligible under the current draft amendment because they do not involve the transfer of a water entitlement to the commonwealth environmental water holder. It is hard to see a disadvantage of modifying the amendment to allow these options to be counted towards the basin plan recovery targets.

Acknowledgement and Disclosure Statement

The One Basin CRC is funded under the commonwealth government's Cooperative Research Centre Program and from in-kind and cash contributions by our partners listed at <https://onebasin.com.au/our-partners>. Prof. Stewardson has been invited to appear on a Research Panel for this hearing, in his role as CEO of the One Basin CRC. He has also been a member of the Murray Darling Basin Authority's Advisory Committee on Social Economic and Environmental Science (ACSEES) and is Director of the Knowledge Exchange project within the Commonwealth Environmental Water Holder's Flow MER II Program.