

# Protecting the Water for the Environment Special Account (WESA) & Smarter Spending to Revive Our Rivers

## Risks to WESA

1. The fund does not have enough money to recover 450GL through expensive irrigation efficiency projects.
2. \$1.775 billion fund set aside for reviving our rivers is at risk of being reallocated toward measures that don't guarantee water for rivers.

## Actions we need to take

1. Keep the funds safe. The rivers of the Murray-Darling Basin are far from healthy. The money needs to be spent on water rights to guarantee river survival.
2. Allow smarter spending of funds. Voluntary, open tender buybacks are the most cost-effective way to guarantee river health.



## Rivers on the front line of climate change

Water flows into the Murray River have reduced by 50 percent over the past twenty years compared to the century before owing to drought, worsened by climate change. There is less water going into the river.<sup>1</sup>

At the same time, too much water is being sucked out through inappropriately distributed water licenses. To use the analogy of a glass of water – there are simply too many straws in the glass.

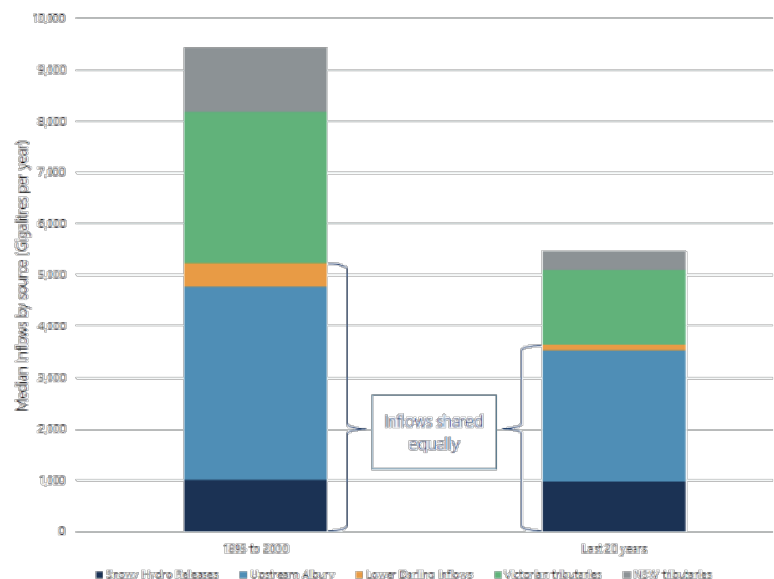
The Basin Plan exists to address over-allocation: the amount of water taken for irrigation is threatening the river's ability to survive.

It put forward three pathways to start reviving the river:

1. Buying back water from irrigators directly,
2. Paying for expensive irrigation efficiency upgrades to save water, and
3. Developing offset projects that (theoretically) enable fish and frogs to live with less water.



Change in River Murray system inflows, 1895 to 2000 and past 20 years



## The 450GL Difference

Modeling and analysis conducted by the Murray-Darling Basin Authority showed that recovering 2,750 GL (billion litres) of water would only achieve 57 percent of environmental flow targets at important indicator sites.<sup>2</sup> These targets are far from pristine wilderness, they merely represent the maintenance of basic ecological function.

The full implementation of the Basin Plan, recovering 3,200 GL and relaxing constraints on the capacity to deliver water would achieve 94 percent of flow indicators on the Murray. The difference of 450GL results in substantial gains for the area of wetlands and flood-dependent vegetation inundated, increasing from 45,000 to 80,000 ha.<sup>3</sup>

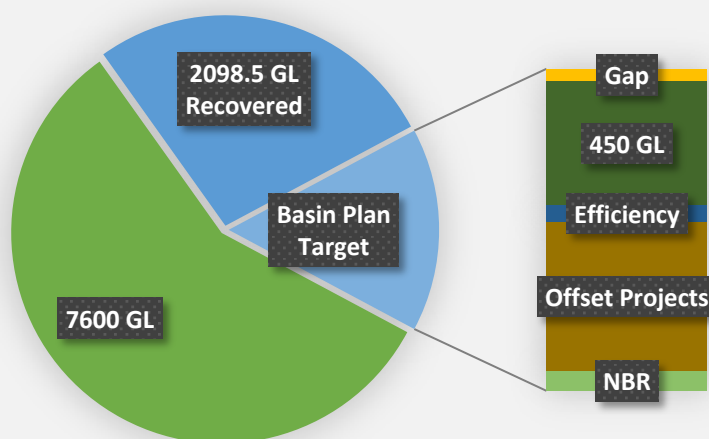
## Paying for it with WESA

The Water for the Environment Special Account (WESA) was established under the Water Act to help deliver the Basin Plan. It committed \$1.775 billion to pay for projects to achieve the 450 GL difference between 2,750 and 3,200 GL.

It can be used toward:

1. **Water Recovery:** Paying for irrigation efficiency projects, and
2. **Projects that make recovered water more valuable:** Relaxing constraints on the delivery of environmental water

### How does this fit into the Basin Plan?



The science that informed the Basin Plan identified that reducing the amount of water taken from the river by 7,600 GL per year would provide high certainty of maintaining key ecosystems. This number was reduced to 3,200 GL in negotiations toward the final plan.<sup>4</sup>

Even with this reduced target, over 1,000 GL remains to be recovered. This includes 46.7 GL to 'bridge the gap' toward the new river-level caps on extraction; 450 GL from efficiency projects; 60.1 GL of other efficiency projects because 605 GL of proposed offset projects have exceeded their contribution limit; and 70 GL removed from the target following the Northern Basin Review.

WESA is intended to fund 450 GL (dark green) as well as projects that help get water onto the floodplain, making water recovered through the Basin Plan more useful.

### Efficiency Projects: Expensive & Risky

Most funding in the Basin, approximately \$4 billion, has been directed toward water-saving infrastructure. On average, irrigators receive subsidies worth \$400,000. The government claims it has acquired 700 GL through these projects, however there are no adequate site-level measurements to confirm changes in stream flow.<sup>5</sup>

These large payments, alongside the reprioritisation of infrastructure subsidies over open tender buybacks raises several issues. Industry lobbyists may be capable of transferring government benefits to well-connected irrigators while irrigators may be much more likely to hold out for a subsidy.

The projects are the most expensive way to recover water, nearly three times higher than buying it directly.<sup>6</sup>

### Constraints: More Value for Water

Reducing system constraints gives water managers more flexibility to send water where it needs to go while modernising river management. It increases the total floodplain area that can be kept healthy with managed flows.

Taxpayers have already invested in water to nourish the floodplains, but we need to address rules about how dams operate and physical constraints like low-lying bridges that prevent the water from getting there.

WESA includes initial funding for the Goulburn River, we just need government initiative to adapt our infrastructure to the river's natural flood cycles.

1. Interim Inspector General, Impact of lower inflows on state shares under the MDB Agreement (2020)  
2. MDBA, Hydrologic modelling to inform the proposed Basin Plan – methods and results (2012)  
3. MDBA, Hydrologic modelling of the relaxed operational constraints in the southern connected basin (2012)  
4. MDBA, Guide to the proposed Basin Plan – Technical Background (2010)  
5. R. Quentin Grafton & John Williams, Rent-seeking behaviour and regulatory capture in the Murray-Darling Basin (2020)  
6. Wheeler & Carmody, The rebound effect on water extraction from subsidising irrigation infrastructure in Australia (2020)

