



# MEDIA RELEASE

**Senator the Hon Penny Wong**

*Minister for Climate Change and Water*

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## **REVIEW OF GOVERNMENT'S WATER PURCHASE PROGRAM RELEASED**

An independent review of the first round of the Rudd Government's Murray-Darling Basin water purchase program has found it was efficiently run and achieved good value for money.

Minister for Climate Change and Water, Senator Penny Wong, said Hyder Consulting had reviewed the Government's initial Basin-wide water purchase tender, conducted February to May this year.

"The Murray-Darling Basin is facing a critical situation after years of drought and over-allocation, and due to the current and future effects of climate change," Senator Wong said.

"The Rudd Government is taking action to meet these challenges, with \$3.1 billion committed to buying water to return to the Basin's stressed rivers and wetlands under our Water for the Future plan.

"Water for the Future also includes a commitment of \$5.8 billion to help make irrigation infrastructure more efficient, and to help Basin communities adjust in anticipation of a new cap on water use."

Senator Wong said this year's whole-of-Basin tender was the first time the Federal Government had directly purchased water to be held as a permanent entitlement for the Basin's rivers and wetlands.

"Our water purchase program – Restoring the Balance – will mean Murray-Darling Basin rivers will get a greater share of water when it becomes available."

The Hyder Consulting review:

- Endorsed the use of environmental need and value for money as the main factors used to assess water entitlements offered for sale.
- Endorsed the pricing strategy based on prevailing market prices.
- Recommended improved communication by the Department of Environment, Water, Heritage and the Arts (DEWHA) of environmental benefits and priorities of the purchases.
- Found many sellers of water entitlements were able to use the money to pay off debt, invest in water-efficient infrastructure or invest in off-farm activities.
- Found the water purchase had very little impact on regional production and income in the last financial year, particularly in the context of very low water allocations.
- Found the impact of water entitlement purchasing is likely to vary from region to region and depends on the types of irrigation activities in the area and how individual sellers use the proceeds from their sale.
- Found some irrigators found it difficult to put a price on their water entitlements.

In response to the review findings, Senator Wong said DEWHA planned a range of new measures to improve current and future water purchase processes.

"The Department intends to improve its communication efforts to provide more information about the environmental benefits of the purchases and the environmental priorities driving them," Senator Wong said.

“To help irrigators wanting to make an offer to the Government to sell water entitlement, the Department is looking at ways to help sellers access independent market information – though of course it will still be vital that they do their own analysis.”

Senator Wong said the Government was aware of the potential effects of purchasing water for the environment on some communities.

“Acknowledging this, we will continue to roll out our Water for the Future plan as an integrated package of investments, including substantial funds towards improved management and use of water to sustain agricultural production.

“We are absolutely committed to securing a sustainable future for farmers, communities and the environment in the Murray-Darling Basin – but we still have a way to go.”

Senator Wong said a 12-member Stakeholder Consultative Committee had provided input to the review. Eight regional consultation workshops were also held.

Copies of the review, a summary of the Stakeholder Consultative Committee’s input, and the Department's response is available at [www.environment.gov.au/waterpurchasing](http://www.environment.gov.au/waterpurchasing)

The initial whole-of-Basin water purchase tender is one initiative in a range of measures announced under Restoring the Balance, including:

- A current northern Basin tender
- A current southern Basin tender
- An initiative to work with State Governments to purchase appropriately-sited properties with significant water entitlement where environmental benefits and value-for-money exist (e.g the recently-purchased Toorale Station)
- Purchase of water from irrigators eligible for the small-block irrigator exit package
- Inviting proposals from groups of Murray-Darling Basin irrigators wishing to sell their combined water entitlements in ways that deliver simultaneous benefits for farmers, irrigation water providers and the environment.