



MEDIA RELEASE

Senator the Hon Penny Wong

Minister for Climate Change, Energy Efficiency and Water

PW 77/10

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PRODUCTIVITY COMMISSION REPORT

The Minister for Climate Change, Energy Efficiency and Water, Senator Penny Wong, today welcomed the release of a Productivity Commission report into *'Market Mechanisms for Recovering Water in the Murray Darling Basin'*.

Senator Wong said that the Government would consider the report's findings and recommendations in more detail, but foreshadowed not all of the report's recommendations are likely to be accepted.

The report made a number of observations and recommendations, including:

- Water purchase should be prioritised as a more efficient way of returning water to the rivers than investing in infrastructure;
- Infrastructure projects should be subject to rigorous approval processes; and
- Water purchase should be delayed until the long term Basin plan is finalised.

Under the long term, \$12.9 billion *Water for the Future* plan, the Rudd Government is improving the health of our rivers using a combination of purchasing water and investing in the efficiency of irrigation.

"The Rudd Government agrees that water purchase is the fastest way to improve the health of our rivers," Senator Wong said.

"That's why we continue to purchase water prior to the finalisation of the Basin Plan. When the Rudd Government took office our rivers needed urgent help.

"But we don't agree that infrastructure investment should be de-prioritised. It is equally important to invest in infrastructure to shore up the long term viability of our food producing communities and sustain the regions – particularly in the face of a future with less water.

"The Productivity Commission is right to recommend that rigorous approval processes be applied to infrastructure projects.

"We already have a substantial due diligence process but I will be seeking advice as to whether any further steps are necessary."

The report also raised issues regarding the consideration of social and economic issues in the Basin Plan under the Water Act 2007.

"The Rudd Government believes it is crucially important that social and economic effects be taken into account in restoring the health of the rivers and wetlands in the Basin.

“This objective is reflected in the Water Act, which has twice secured bi-partisan support in the Australian Parliament.

“By investing in irrigation infrastructure, and by purchasing water from willing sellers, the Government is smoothing the transition for irrigation communities in anticipation of new, lower limits on water use under the Basin Plan.”