

Professor Jane Doolan
Commissioner
Productivity Commissioner
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Dear Professor Doolan

RE: Murray Darling Basin Plan – Five-year Assessment

Thank you for the time you and Associate Commissioner John Madden spent with Murray Irrigation on 27 March 2018 when we discussed a number of issues relating to the implementation of the Murray Darling Basin Plan.

This submission formalises some of those discussions with Annexure A providing recommendations and commentary.

While I acknowledge the scope of your inquiry does not consider changes to the water recovery and other targets it is imperative that policy makers recognise the ongoing failure of setting water recovery targets and expending significant public funds without first determining deliverability.

In essence, water-dependent industries and the regional economies that depend on them are at serious risk while water is increasingly transferred to environmental flows to satisfy objectives that can't be met under current delivery constraints. It is an issue that saps confidence; it leaves regional communities crestfallen and irrigators frustrated.

I urge the Productivity Commission to initiate a review into the target setting procedures and protocols adopted by Basin Plan managers or at the very least explore the issue with the CEO and management of the MDBA.

Yours Sincerely,

Phillip Snowden
Chairman

Attached:

Annex A: Table 1. Recommendations to the Commission

Annex B: Table 2. Recommendations to Governments

Annex A. Table 1. Recommendations to the Commission

Recommendation	Action	Supporting information
1. Amend the definition of socio-economic neutrality	The Commission seek to develop then recommend the introduction of a redefinition of socio-economic neutrality	<p>The current definition fails to adequately consider economic performance and community wellbeing across different social, spatial and temporal scales.</p> <p>The Commission's instructions include recognising the interests of the community generally and all those likely to be affected by government proposals. In that context, the Commission is well placed to review the definition of socio-economic neutrality.</p>
2. Separate the powers of the MDBA	The Commission review and report on the equity, effectiveness and efficiency of governance and institutional arrangements for water management in the Basin	<p>At a time when Basin States are limiting the powers vested in any person or institution, and increasing transparency, the MDBA has significantly expanded its functions and powers and now has multiple conflicting roles:</p> <ul style="list-style-type: none"> • it advises the Australian Government, Ministerial Council and Basin Officials Committee on policy and strategy relating to the Basin Plan; • it reports to the Parliament of Australia on implementation of the Basin Plan; • it is a regulator that ensures compliance with the Basin Plan by State and Commonwealth agencies; • it implements components of the Basin Plan, and • it delivers River Murray Operations. <p>MDBA funding levels are not linked to performance, which may lead the authority to increase its scope and complexity rather than improve its effectiveness and efficiency. The Commission is well placed to review MDBA under the auspices of its research support to the inter-governmental Steering Committee for the Review of</p>

Recommendation	Action	Supporting information
		Government Service Provision and publishes the Annual Report on Government Services.
3. Increase the level of public participation in constraints management	The Commission should recommend the development of constraints management partnerships between Basin States and affected stakeholders	<p>Progress in addressing constraints has been much slower than anticipated because there is a general acknowledgement by agencies that the scale and complexity of stakeholder engagement has been significantly underestimated.</p> <p>Consistent with the IAP2's Public Participation Spectrum, a workable implementation model is likely to be based on collaboration or empowerment, not the rounds of intensive, draining and never-ending rounds of uncoordinated consultation, undertaken by Basin Plan entities. Genuine collaboration and empowerment will lead to informed consent and fair compensation that respect Australian property rights.</p> <p>The Commission is well placed to develop an implementation model for constraints management as its legislative 'instructions' include facilitating adjustment to structural change.</p>
4. Improve rollout of structural adjustment assistance	We encourage the Commission to reviews the effectiveness structural adjustment assistance funding with the aim of developing a program that improves the delivery of assistance where it is needed the most	<p>Future structural adjustment assistance must focus on returning investment and employment to communities that have been most significantly impacted by water recoveries.</p> <p>The Commission is well placed to develop a structural adjustment assistance program in collaboration with Basin States as its legislative 'instructions' include facilitating adjustment to structural change.</p>

Annex B. Recommendations to Government.

The success of the Basin Plan is continually undermined because the focus of success is too frequently measured by the transfer of productive water instead of achieving realistic health-of-system targets.

Recommendation	Action	Supporting information
1. Roll over cap balances on 1 July 2019	Australian Government	Every valley in NSW has a cap credit. On 1 July 2019 when the SDLs come into effect all cap credits forfeited with the potential to negatively and unnecessarily impact on water users.
2. Reintroduce the Northern Basin Review	Australian Government	Restore public faith and confidence by re-introducing the northern basin review adjustment before Parliament for a second vote to respect the process that was written into the Plan in 2012 and agreed by all jurisdictions.
3. Defeat the SDL adjustment projects disallowance motion	Australian Government	The politicisation of the plan has undermined the credibility of the MDB Authority and sent a clear message to regional economies and regional prosperity are expendable.
4. Accept liability for compensation events	Australian Government	Clarification needs to be provided to stakeholders throughout the Basin as to who retains responsibility and liability if actions taken under the auspices of the Basin Plan result in events that warrant compensation. NOTE: protocols/processes to award compensation as a mechanism - rather than the product of drawn out litigation - are fundamental for the successful implementation of any constraints agreements.
5. Freeze further environmental water recovery	Australian Government	The lack of constraints management protocols and environmental flow rate targets have created enviro-water stocks that are already too great to manage effectively. Further water recovery must be frozen if faith in planning and confidence in regional communities is to be restored.
6. Improve metering and compliance in unregulated rivers	NSW Government	The recommendations of the NSW Matthews Report are being introduced but the socialisation of the costs of policing compliance should not be imposed on operators or individual productive water users, like Murray Irrigation and its customers, who

Recommendation	Action	Supporting information
		have already invested in hundreds of millions in developing one of the world's most advanced water delivery systems.
7. Deliver Water Resource Plans (WRP) in full and on time	NSW Government	<p>Issues that remain unresolved in the NSW Murray through the WRP process include:</p> <ul style="list-style-type: none"> • How PPMs will be incorporated into the current WSP framework; • What impact PPMs will have on trade provisions and restrictions; • How long term environmental watering plans will be developed; • How rule and river management changes proposed in the SDLAM will be incorporated into WSPs
8. Publicise Barmah Choke reports	NSW Government release technical reports	Consumptive demand downstream of the Barmah Choke is forecast to exceed operational capacities resulting in the need to implement delivery restrictions with the associated social and economic impacts. However, technical reports have been withheld from stakeholders.