



Australian Government
Productivity Commission

PRODUCTIVITY COMMISSION

**INQUIRY INTO THE FIVE YEAR ASSESSMENT OF THE EFFECTIVENESS OF
THE MURRAY – DARLING BASIN PLAN**

DR J DOOLAN, Commissioner
MR J MADDEN, Commissioner

TRANSCRIPT OF PROCEEDINGS

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INDEX

	<u>Page</u>
BALONNE SHIRE COUNCIL COUNCILLOR RICHARD MARSH	304-309
NATIONAL FARMERS FEDERATION LES GORDON WARWICK RAGG	310-322
GWYDIR VALLEY IRRIGATORS ASSOCIATION ZARA LOWIEN	322-331
FONTERRA JACK HOLDEN	331-340; 346-347
MURRAY DARLING ASSOCIATION EMMA BRADBURY COUNCILLOR DAVID THURLEY	340-346
WENTWORTH GROUP OF CONCERNED SCIENTISTS DR CELINE STEINFELD DR TERRY HILLMAN	347-354

COMMISSIONER DOOLAN: Good morning and welcome to the public hearing for the Productivity Commission inquiry into the Murray-Darling Basin Plan, an inquiry that under the Water Act we do on a five yearly basis. These hearings follow the release of our draft report which occurred at the end of August. My name is Jane Doolan, my fellow Commissioner is John Madden, and I'd like to begin by acknowledging the traditional custodians of the land on which we meet today, the Ngunnawal people. I'd like to also pay my respects to their elders past and present.

The purpose of this round of hearings is to facilitate public review of our draft report which was released in August. In that draft report we provided evidence in a range of draft findings and draft recommendations, and as I said, the purpose of our hearings is to actually get feedback from the public and interested stakeholders on how those draft findings and recommendations can be improved as we move to a final draft.

This is the final public hearing. We had public hearings in Mildura, Murray Bridge, Shepparton and Dubbo and we finish today. From this point on we will be taking the information that we've learned from the hearings, from the submissions on our draft report and from meetings with stakeholders to finalise that report and to hand it out just before Christmas.

Participants and those who have registered interest in the inquiry will automatically be advised of the final report release by government. As I said, we will hand it to government just before Christmas. Government has up to 25 sittings days of Parliament to release the report to the public.

We like to conduct our hearings in a reasonably informal manner, but I do remind participants that a full transcript is being taken and for this reason we can't take comments from the floor, but at the end of proceedings, at the end of the session we'll actually have an opportunity for anybody in the audience who wishes to make a public statement on the record to come up and actually make that statement.

Also participants can refer to comments made by previous participants should they choose to do that. Today we'll actually be having presentations from people actually here in Canberra, but a number will be on the phone from other parts of the Basin.

We remind people that participants are not required to take an oath but should be truthful in their remarks and the transcript will be available to participants and then will be available on the Commission's website within a few days, and submissions on our draft report are also available for people to look at on our website now.

For any media representatives, and I don't believe there are any, but should there be, there are some general rules that apply and talk to our staff to actually work through what those rules are.

To comply with the requirements of the Commonwealth Health & Safety Act we're advised that in the unlikely event of an emergency you should assemble - go out the door and assemble across the street, across Blight Street unless the fire wardens tell us

something different. As we move through this, we do ask participants to actually make some opening remarks but to leave some time for questions from ourselves.

So as the first participant I would like to welcome Mayor Richard Marsh from the Balonne Shire Council who's actually been sitting waiting for us on the phone. Richard, are you ready to speak now?

MR MARSH: Yes, thank you, Commissioner. Did you just want me to proceed?

COMMISSIONER DOOLAN: Yes, please.

MR MARSH: Yes, okay, good morning, Commissioner and good morning to others in the room, and I'd like to thank you for the opportunity to present to you today.

At the outset, I just want to say that I and my shire or my council support the Commission's findings and recommendations, but we do have some comments we would like to make, and that I as Mayor of the Balonne Shire, and I should also alert you to the fact that I'm a director of the Murray-Darling Association, so I wanted to raise in any force some of the aspects of the plan going forward.

Firstly, Balonne Shire does support moving forward with the plan and while we have some of the most significantly impacted communities in the Northern Basin in our shire, being St George and Dirranbandi, we believe that we've come this far and we need to continue, so we need to make sure we go through the process, and that process needs to be modified as we go along, but you know, we've suffered the pain of water buy backs and this is exacerbated even more by the ongoing drought which we're all suffering, but we do want this to be a positive outcome for the plan, and that will only be achieved by working through the process.

I've got four matters I'd like to briefly comment on and the first is to deal with timeframes and deadlines, and we seriously believe that the plan may be impacted if there's rigid application and deadlines and timeframes on projects and outcomes. We think there needs to be some flexibility. There is obviously some frustration being developed at all levels because one group it's not moving quickly enough, et cetera, but to achieve an optimum result we believe that there should be some flexibility around the deadlines and timelines, and specifically I suppose this relates to the easing of constraints in the supply package. That's all going to take time and work. The development of the water resource management plans that is reliant on state governments working closely with - that are involve with the plan objectives, and I think effective management of projects and the process for achieving the objectives of the plan there needs to be some flexibility there. Surely it should be sufficient that if each phase is showing that the objective is moving on towards finality, then a reasonable timeframe should be accepted.

We don't want to see the plan fall over or be compromised, if you like, because there's been a missed deadline and that'll derail the long-term objective. Obviously the objective is to achieve the best results from the resources that are available, and flexibility and relief of frustrations will help with that.

I just want to comment also on the 450 gegalitre upwater and being a shire that has suffered significantly from the buy backs, we agree that it's paramount that the socioeconomic impacts be considered more closely in any endeavour to recover that further water, the 450 gegalitres. There's a criteria that it must be recovered with a nil or a positive socioeconomic outcome, but that strategy is yet to be developed. That's going to be difficult, but from the point of view of our shire and the people impacted in this area we really believe it must be a no regrets result. We really can't afford to suffer any further, to lose any further productivity, and any proposal that reduces the amount of consumptive water must surely be built on socioeconomic backgrounds or socioeconomic activity.

You know, we're in a case of population decline and socioeconomic decline, and we've got little chance of reversing that trend without state and Federal Government support. That's all been promised, yet to eventuate, and we wait with some - patiently I suppose is the best word.

I also want to talk about - following on from that I want to talk a little bit about the support to impacted communities and three shires in the Northern Basin have basically carried the burden. They're the most impacted, the Warren Shire which has the community of Warren; Walgett which has the community of Collarenebri, and Balonne Shire, as I said with St George and Dirranbandi.

So we in this area know what it's like to have our communities decimated, and we have the numbers that support that statement. This is not just a bland comment or statement. It is supported by the numbers, and I think are currently acknowledged by government that that is the case. We want to see the result, but we also want to be acknowledged and receive some support.

A lot of talk about support and funding and all those accompanying statements that, you know, they come but they don't come with any help. We commenced discussions in June as some of the three shires most impacted, and we met with the Minister in Canberra. We've done all sorts of things and still we haven't seen (indistinct) socioeconomic considerations. While they're relatively new in the Murray-Darling vocabulary, Balonne, I can tell you, has been talking about them since 2009. That was one of the major things we raised when the plan was brought through to the regions, and we can only hope that it's finally going to be recognised and applied in future decision-making. We were all for a no regrets policy and we hope that that can be achieved as we go forward.

Now, my final point, and this is more a local government point than a shire, individual shire point, and that comes from my association with my directorship of the Murray-Darling Association. They made a submission to the Commission which makes the case for inclusion of local government in the arrangements to implement the Basin Plan, and that argument is well-documented in the submission.

I and my council fully support local government involvement. We agree with the reasons that are presented by the Murray-Darling Association, and I think we go further in saying

at a more personal and a closer community level, we understand our communities. We see them day by day. We see their joys, we see their sorrows. We try to pick up the pieces and we try to provide support when things are tough. We look to our state and our Federal counterparts for help with resources, funding, et cetera, and we think we can contribute strongly and provide balance in the discussion on implementation in the Murray-Darling Basin Plan.

We must say, and I mean local government generally, not Balonne Shire, I think it should be remembered that we provide a strong link to community and that we can be a great conduit between communities and government at all levels. So on that point we seek inclusion in this important matter.

Commissioner, that concludes my presentation. I put those matters before you and I thank you for the opportunity to put these matters forward. Thank you.

COMMISSIONER DOOLAN: Thank you. Thank you very much, Richard. Are you happy to take a couple of questions?

MR MARSH: Yes, thank you.

COMMISSIONER DOOLAN: From my perspective, as you know, in the report we did actually in our draft recommendation recommend extending timelines where projects were important, cost-effective and really important to proceed, really important to have community consultation. So from your perspective that is important that we do actually have a serious analysis of timelines and good planning, and the timeline has to creep. It has to creep?

MR MARSH: Yes, I accept that, and we are supporting all of that process.

COMMISSIONER DOOLAN: Just on that then, I mean, the counter view, of course we've been around the Basin, is that to date some states have sort of shown creeping deadlines as a way of avoidance. What sort of checks and balances would you like to see in there to make sure that if we are actually extending deadlines to get good outcomes that it is making sure we're still holding states to account. Have you got any particular thoughts on that?

MR MARSH: I don't have - I don't have any particular thoughts on how you might do it, but I think it is important that everybody around the table understands that they - when I say around the table I mean at a state and Federal level, at a Commission level, at a Murray-Darling Basin Authority level, understands what's, and I think we all understand what we're trying to achieve, it's a case of how do we get there, and people have different views. I think they'll need to understand what the views generally are and the processes to be put in place.

It's, I was going to say it's easy. It's not easy, but you can have a plan in place to achieve certain things within certain timeframes, et cetera. That is the best information available at the time that that is set up, and I think that there needs to be some acceptance of

complications, timeframes, whether it be - and you know, we're going to go through a Federal election some time next year. There's going to be state elections that happen as well. These things all impact, and I think that pressure - I agree, pressure needs to be put and we've - in Queensland I would be critical of some of the things that some of our politicians or groups may have done, but they need to be lined up and told, "This is the way it's to be. Give us a very good reason and we'll consider it, but you just don't go and - just don't walk away from the process".

COMMISSIONER DOOLAN: One of the reasons that occurred, and we acknowledge you would want to extend deadlines in some of these critical projects for water resource plans is to ensure that you do community consultation well. As a local government and one that's been involved throughout, what do you think is adequate in good consultation? Could you give us your thoughts on that?

MR MARSH: I'd probably say that there hasn't been any at this stage, not at our level anyway.

COMMISSIONER DOOLAN: So what would you have liked to have seen, or moving forward, what would you like? That's the message we get around the Basin as well.

MR MARSH: Yes.

COMMISSIONER DOOLAN: But it gives us a bit of an opportunity to make suggestion back to governments of how the next phase should proceed. What would you want to see in your community as good consultation?

MR MARSH: That's difficult, but from our point of view I think good consultation is government working with the community with those people in the community reinforcing what's available, reinforcing the guidelines, the rules, you might say, and I think that's where we've got some differences at the moment as to how we all do - how we develop our plans, how our plans work, and I'm not saying there should be consistency across the Basin. Very nice if there was but that's not likely to happen. It seems to me that they take too long to get the detail to the groups that need to consider it and then a very short timeframe to respond. But I'm not answering your question, I know that, and I probably don't have a specific answer to the question.

COMMISSIONER DOOLAN: Okay. No, that's fine.

COMMISSIONER MADDEN: I'm just wondering, Richard, in terms of structural adjustment we've had some feedback where things haven't worked so well. I know we had a good meeting with the Balonne Shire when we visited and talked about some of the issues, including kind of mental health programs and the like, but have you given more thought or can you give us some idea about what are some structural adjustment programs that actually well-targeted and worked, if any? Even from other experiences where any programs have actually helped with transition?

MR MARSH: I'll be blunt and say that we've seen very little in the way of structural adjustment. We're not looking for a handout, and you know, the saying in our shire is, "We don't want a handout. We want a hand up". We want some funding that we can work with to progress and develop other opportunities, you might say, and we've got some of those. We were properly gutted yesterday when we were advised that we didn't get some funding from - to do the, building of regions I think it was called. We had a proposal in there to do some significant work with our sheep graziers you might say, and that funding didn't come through, so now we have to find another way to do it.

Now, that's not just - that's from your - it's got nothing to do with the Murray-Darling Basin Plan, other than we had to look at alternative opportunities and that was an opportunity we saw. We needed the funding. We went into a joint approach with another shire thinking it was the strongest we could possibly build and I can tell you, there were some people at different levels pretty upset by that, but anyway that will all take its case.

As I said, we have not seen any real funding. We have heard comments, we have had some come through the (indistinct) development programs and things like that, but there is a lot more needed. We're working with those impacted communities, particularly Dirranbandi. We have a committee that operates down there once - they're meeting about once every three to four weeks, trying to put together a program to improve things in that community, and that is community driven. There are no councillors on that committee. We have our CEO and our — one of our economic development people involved, and it really - we're trying to do it as a non-political, let's build the community and let's get some (indistinct) coming out of it.

That structural adjustment, yes, it talks about (indistinct) and it comes back to the case, we don't want to be told what to do there. We don't want a handout so that people can sort of say, "Okay, I've got my money, now I'm gone". We want to rebuild our communities through that hand up process.

COMMISSIONER MADDEN: Okay. Thank you.

COMMISSIONER DOOLAN: You mentioned the 450.

MR MARSH: Yes.

COMMISSIONER DOOLAN: So as far as you're aware the scope of the 450 water currently does extend to northern communities?

MR MARSH: I haven't seen anywhere it says it doesn't.

COMMISSIONER DOOLAN: Okay.

MR MARSH: Is that - are you - - -

COMMISSIONER DOOLAN: No. Well, as we've highlighted in the draft report, the 450 is aimed at achieving enhanced environmental outcomes in schedule 5 of the plan which are South Australian.

MR MARSH: Yes. Yes.

COMMISSIONER DOOLAN: So it's just the link between the recovery and achieving those environmental outcomes that, you know, we want to make sure is a clear link, that's all. So it's a question for us, a little bit of - if the enhanced environmental outcomes are the key, then obviously water recovery needs to occur in locations which can help achieve that.

MR MARSH: Yes.

COMMISSIONER DOOLAN: Okay. Have you got anything more, John?

COMMISSIONER MADDEN: No.

COMMISSIONER DOOLAN: I haven't got any other questions, Richard. Is there any other point you would like to make?

MR MARSH: No, I've made my points and they're consistent with what we've been following up all the way through the process. As I said, we're more than happy to work with and achieve the best result we can but obviously looking at a nil further impact on the shire.

COMMISSIONER DOOLAN: Thank you for your participation and thank you very much for phoning in. Do you want to stay on the line for the next presenter or are you happy that we cut you off at this point?

MR MARSH: Yes. Is it appropriate that I stay on and then cut myself off at some stage?

COMMISSIONER DOOLAN: Absolutely.

COMMISSIONER MADDEN: Yes.

COMMISSIONER DOOLAN: So our next presenter is the National Farmers Federation, Les Gordon and Warwick Ragg and then we'll be taking a tea break. So if you do want to hang on - - -

MR MARSH: Yes.

COMMISSIONER DOOLAN: - - - as long as you like you're welcome to do so.

MR MARSH: Thank you. Then I'll drop out at the tea break.

COMMISSIONER DOOLAN: All right. Would you mind introducing yourselves and your organisation for the record, please.

MR GORDON: Okay. Les Gordon, Chair of the Water Task Force of the National Farmers Federation.

MR RAGG: Warwick Ragg, General Manager, Natural Resource Management, National Farmers Federation.

MR GORDON: Thank you. Mr Chairman, as you well know, the NFF was established in 1979 as the national peak body representing farmers and more broadly agriculture across Australia. The NFF's membership comprises of all of Australia's major agricultural commodities across the breadth and length of the supply chain. NFF has in excess of 30 members, predominantly state farming organisations and commodity bodies. For the purposes of this hearing the NFF will be elaborating on its recent submission to the Productivity Commission's draft report on implementation of the Murray-Darling Basin Plan.

There are several recommendations in there that we wish to comment on and to further discuss with the Commission. The NFF would first like to make clear its position on the 450 GL worth of efficiency measures. This is particularly contentious. NFF recognises the plan is legislated as a 3200 GL plan. This includes the 605 GL supply measures and 450 GL of efficiency measures, but the final 450 should be considered after first recovering the necessary 62 GL by mid-2019, after the 605 projects are progressed to the extent that they can be confidently delivered.

Further, the 450 acquisition should exhaust all avenues of off-farm sourcing prior to any consideration of the consumptive pool as a source, and even then it must be made abundantly clear that the social and economic impacts locally and regionally and more broadly are at least neutral in all cases, and preferably positive.

The EY report and the ministers have recognised that the existing legislated single property impact test does not properly account for the flow-on impacts to communities, irrigation districts or cumulative impacts. We also recognise that linking the funding for the supply measures and efficiency measures is an issue to deal with. The NFF is of the view that these payments should not be linked because they are distinct programs and can potentially undermine the implementation of both the supply measures and the efficiency measures.

We note that the department has proceeded with the tenders for off-farm projects and on-farm projects in South Australia, Queensland and ACT, and New South Wales and Victoria are leading consultation on a better test for socioeconomic impact following the June Ministerial Council meeting which must be finalised to deliver certainty for irrigators.

In addition to considering proposals put forward by the tender process, the Commonwealth must be proactive in facilitating and funding the options suggested by EY

in their report, along with options potentially available from state governments where funding may be required to undertake feasibility or planning work.

The NFF has been consistent in its view and advocacy that the Murray-Darling Basin Plan is a compromise plan which was designed to meet a number of often competing needs across a diverse and complex basin. I have yet to meet the person that is fully satisfied with the plan. We say that that plan, though, is the plan and it should be implemented sensibly and as designed. In that sense maintaining bipartisanship is absolutely critical now that the plan is moving into its implementation phase. Bipartisanship is what drives investment security and is therefore a key tenet of ongoing confidence in the regional economy.

One of the key recommendations in the report was to reform the governance and roles of the Murray-Darling Basin Authority. As stated in the NFF's submission, we agree in principle to split the Authority and enhancing the role of the Basin Officials Committee. While we think this is sensible and recognise that implementation requires a clear strategic plan and policy direction, we do not want this to create any delays in implementation and we will need to closely examine any separation proposal. In this context the proposal needs to be actioned promptly, and I'll come back to promptly shortly.

The other key recommendation is to extend the 2024 deadline for which supply measures need to be in operation and necessarily the efficiency measures if the payments are linked, as well as the 2019 deadline for completing the water resource plans. The National Farmers Federation acknowledges that some projects are incredibly complex, particularly the constraints measures and are unlikely to be completed by 2024. We understand the consequences for irrigators if this is not completed. More critical is getting it right than getting it done on time. Community ownership and agreement are critical components of a successful water sharing plan.

In saying that, we support a limited extension of deadlines for some projects, but it should be determined on a project by project basis, with clear rules on how this would occur. However, the NFF prefers these projects to be implemented on time and should not detract from in fact reinforced efforts by government to make sure they are implemented on time.

Before I close, there is one further observation I'd like to make. It's not part of your report, but it's about your report. This report is incredibly important to my members and the communities in which they live. I am most concerned about the timing of the release of the report and a likely response, and the reason I'm taking this opportunity of putting it on the record is in doing so I'll paint a likely scenario.

A report released at Christmas, we come out of Christmas, we have elections in two states and a Federal. We'll have various iterations of caretaker mode through that. It is easy to foresee this report not being actioned until this time next year if there's change of government and personnel and what have you, and actions from that response then not perhaps taking place until March 2020. That can't be allowed to happen. This report's

far too important, and the outcomes of this report, are far too important to our communities to allow that to happen, and it will need to be a deliberate focus of all of us to ensure that this report is responded to and actioned in a timely manner. There's time sensitive, time critical recommendations in there. We need to recognise - we all need to recognise that and not allow this report to get caught up in a political cycle that would disadvantage its outcomes.

Thank you for the opportunity. I'm happy to take questions.

COMMISSIONER DOOLAN: Thank you, Les. Do you want to kick off?

COMMISSIONER MADDEN: I was expecting you to go first Jane. I guess the linking of the funding of programs is an interesting area. I'd like to talk about. We're yet to see the detail of that. I guess I just wonder, just explore that a little bit more, what you see as, you know, how that could actually slow things down, make things complicated. What do you think the possible ramifications of that are?

MR GORDON: Look, I just think it's all too obvious that it could become a stalling - not necessarily a stalling tactic, but certainly a stalling factor, things not proceeding because - the implementation of the projects is going to, some of the projects it's going to be problematic. Now, if you don't advance some projects because others are taking time to work their way through, and to do some of this stuff properly it is going to take time. Some of these projects, some of the water resource plans, some of the efficiency projects, if they're going to be done properly you have to take the communities with you.

The only way you can take communities with you is to go and sit down with those communities, listen to their concerns, give them an understanding of what the issues are, work on solutions together and come out the other side. If you're going to do that and take time, some of the other projects that you all agree on don't get done because the funding's contingent on the one that is taking time. The whole thing just rolls out, so you either don't do your consultation properly, communities don't have ownership, or you don't fund the ones that you could have done a long time ago. So it just - it ramps up another level of complication. Just, let's get on with what we can do and work on the ones that are more difficult. You start tying the two together, it just gets -nothing happens.

MR RAGG: And it risks becoming a distraction, that, you know, we need to worry about which one's being funded when before we can proceed and you'll just end up going down a cycle where you don't want to be.

COMMISSIONER MADDEN: So we understand in a similar vein we have the 450 projects, so I take your comment on looking at options off-farm. I guess the question for me is, given the timeframes to go through a phased process of off-farm and exhausting, and then, you know, so how can you run these things in parallel, and I guess - do you have any comments on how that program design or strategy could actually work in to have things in parallel working together, but more importantly, where do you get the input as stakeholders? Is it through the states, is it through the Commonwealth? I'm just

wondering from your perspective and your knowledge, where do you actually get that input into that design so we can make some statements in our report, and as you say, that then gets to Christmas and, you know, but these decisions are kind of happening now.

MR GORDON: Now.

COMMISSIONER MADDEN: So I'm just wondering what do you think are the most important things for the state and the Commonwealth to do in this next period to ensure that that strategy - - -

MR GORDON: Around the 450 specifically?

COMMISSIONER MADDEN: Around the 450 and the EY - sorry, the EY projects and the kind of - - -

MR GORDON: So around the on-farm things. Certainly our first level of input is through the states, Victoria and New South Wales principally because they're working on a better definition of socioeconomic, and I hate that phrase, for the record. It's social or economic. Rolling the two together devalues both of them in my mind. So that's the first point of pressure.

I am sure there's probably projects ready for both in urban and off-farm. There's been a fair bit of work in that area already. I think most of the proponents would know where they're up to in their individual projects and what scope there is for further, so I think that's probably relatively doable. The on-farm component, there are people who are keen to proceed with that, I acknowledge that. On the other hand, the project that is being promoted at the moment as we speak around the Basin by the department I think is, I don't know why you'd bother, to be honest. But anyway that's their choice, and people respond accordingly.

COMMISSIONER MADDEN: Sorry, can you give us a bit more detail about that?

MR GORDON: So the ratio they're working on is 1.75. I can't see why an irrigator would seriously look at that. By the time the costs are taken out of that, an irrigator would be much more sensible to go to their bank, borrow the money and keep the water.

MR RAGG: So as the Commissioners would be aware, there's consultation going on as we speak on 450 on-farm socioeconomic measures. We're looking forward to those resolving themselves quickly in consultation with industry, and our observation at the moment is that there is still a way to go, and Decision looms large on the horizon so the MinCo will need to make some decisions and I don't think there's a consolidated position yet.

Now, it's important that community has their say, and as I understand it they are having their say, but then we need to make sure that what is proposed as the next layer of detail, which is where we're really at is able to be sensibly implemented and solves the problems that we've identified.

COMMISSIONER MADDEN: Are you aware of a step between consultation moving through to program design and options and then feedback on those?

MR RAGG: No, I've asked the question and haven't been assured that that step exists, so.

COMMISSIONER MADDEN: So you haven't been assured that it exists?

MR RAGG: Have not.

COMMISSIONER MADDEN: Have not. Right.

MR RAGG: No, I continue to look for those assurances.

COMMISSIONER DOOLAN: Can I just - you indicated a preference for a sequence in your opening comments, so the sequence for the 450 was do the 62 gigalitres, that's all set.

MR RAGG: Yes.

COMMISSIONER DOOLAN: That was set.

MR RAGG: Yes.

COMMISSIONER DOOLAN: But then finalise the 605 and then do 450. Is that - did I take that correctly?

MR GORDON: Yes, probably 450 on-farm is probably more correct. So our position hasn't really changed. We've said now as early as 2017 that we think the 450 should be done after we've got clarity on this 605 because it remains the same. I think we'd be happy for progress on 450 off-farm to happen in parallel if that's reasonable, but we really need to closely think about making sure that the impacts of a 605 don't grind into the 450 proposal, so there needs to be a step by step process, otherwise how are we going to understand what the actual impacts are without knowing where the 605 measures are going?

COMMISSIONER DOOLAN: So with that preference, that takes you to an extended time model 405 - 450 anyway, doesn't it.

MR GORDON: Yes.

COMMISSIONER DOOLAN: Regardless.

MR RAGG: Probably, yes.

COMMISSIONER DOOLAN: Yes, in terms of the on-farm component at least. Okay.

MR RAGG: But of course that depends on how far down the track we think we can go before we've got confidence on the 605 proposals. That's the pivot point.

MR GORDON: And that will vary from project to project within the 605.

COMMISSIONER DOOLAN: Yes, so that comes to the next point really which you said overall, overall it's something that we recommended as well, that we prefer to see project success for good projects, and extended deadlines are perhaps necessary.

MR GORDON: Yes.

COMMISSIONER DOOLAN: We would agree it's project by project so it's not - we're not ever recommending a blanket extension, but it is project by project which does then lead you to a gateway type process to assess that.

MR GORDON: Yes.

COMMISSIONER DOOLAN: To assess the costs, the benefits of the more detailed signs which we understand is under consideration, but then monitoring going forward, so assuming you get through a gateway and get an extended deadline for a constraint project and everybody thinks it's important, I think working in the ways that - of milestones, and assessment of milestones and insufficient progress, call it failure in advance in 2024, I think for us it's also, if you wait until 2024 to call that failure then the water recovery to breach the gap happens all at once and we've still got to think about how that might happen.

MR GORDON: Yes.

COMMISSIONER DOOLAN: Have you both got thoughts on a process that would enable that to progress in an orderly way, and then determine if further water has to be recovered?

MR GORDON: Look, my view is that the process is one around, as we've said, project by project, and we're reasonably comfortable with the gateway process, and none of that's inconsistent with the Basin Plan as it is structured now. The dates that we're dealing with within the Basin Plan now were all arbitrary, and if we can't review things like that, then why are we even bothering? So in my mind it is logical to say, "Okay, the Basin Plan said we need to look at supply measures".

We've looked at supply measures. Some of them are easier than others, so we need to be flexible enough to say that the ones that are going to take longer than anticipated in the original time scale, then we should do that and get on with the other ones, but there are going to be negotiated compromises at each of the gateways and each of the call of success or failure, but we need to be flexible enough to make those calls in an appropriate fashion as we go for water.

Time scale in my mind, as required but with some discipline. I mean, we can't do this in an undisciplined fashion, otherwise we're right back where we started.

MR RAGG: Yes, so the gateway or milestone approach needs to start being involved. We'd obviously like to look at how that works and how that gets implemented, and it may come to a point where early in that process some projects are identified as not as deliverable as possible, as anticipated, so do we need to go back and find options because you know, the last resort option for irrigators is that it's their burden and we'd like to find every opportunity to avoid that, and that again impacts on why you wouldn't rush into 450 because there might have to be some interaction in what's available there.

And I mean, we're probably going to go under resource plans, but the same applies to water resource plans. If you're going to delay any of those then it needs to - then progress needs to be identified. Gateways or milestones met or set and met are, and we need a structured approach. I mean, that's as important to the community as it is to irrigators to make sure that everyone knows where we're heading and what the risks are, and the - frankly the really delaying factor in the 605 measures is likely to be the capacity to consult and get people going with them on what the outcomes of the measures are, and that's really only starting now, so.

MR GORDON: Barely.

COMMISSIONER DOOLAN: So could I follow that up, because you actually outlined in your opening remarks effective consultation.

MR GORDON: Yes.

COMMISSIONER DOOLAN: But I would like you to expand if you don't mind on - to some extent the consultation that's occurred today, but where that leads me is, with difficult projects like constraints, is probably, you know, there's a number of difficult projects here, but constraints is an obvious one. Where they sit right now and what level of community consultation needs to occur to get those projects back on track. It would be good to have your understanding.

MR RAGG: Less quickly would be my high level - - -

COMMISSIONER DOOLAN: No, it's really important.

MR GORDON: It's - it's - - -

MR RAGG: And look - you go, yes.

MR GORDON: It's really interesting that you used the comment "back on track" as an acknowledgement that - so in the absence of consultation, and that's pretty universal, in the absence of consultation all sorts of misinformation has been filling the void or partial information, so not only are these projects now starting off from a standing start, they're actually being handicapped by misinformation, or only partial information being

circulated. The communities feel threatened by a lot of them where really they should be opportunities.

The only way that can be fixed is for the Authority, for the jurisdictions to get out into those communities, give those communities an understanding of what the problem is that needs to be resolved, what the alternative solutions to resolving that problem are, and how that might be implemented. It's intensive. It's going to burn resources, but if they don't start to do it, this will just be an angst filled place that will never come to a sensible conclusion, and the longer it's allowed to fester, the harder the job's going to be.

COMMISSIONER MADDEN: So just on that - are you confused in that area about capability and the like?

COMMISSIONER DOOLAN: No, I think that's - what it would take - - -

MR RAGG: So a narrative? A clear narrative on each of the major projects?

COMMISSIONER DOOLAN: Yes.

MR RAGG: Dispel the myths on each of the major projects?

COMMISSIONER DOOLAN: Yes.

MR RAGG: Clear engagement process, a pathway to engagement and decision points, and instil confidence in the community that is local and regional that what is being proposed has merit, and that the merit can be understood where the merit exists.

MR GORDON: And if the scale requires going down and sitting at kitchen tables then it should.

COMMISSIONER DOOLAN: Well, constraints does, doesn't it?

MR GORDON: Yes.

COMMISSIONER DOOLAN: We know that.

MR GORDON: Yes.

COMMISSIONER DOOLAN: We've done that before.

MR GORDON: And so there's a couple of other projects, Menindee to name another obvious one, so that's the sort of scale, and the trust (indistinct) from the government at the town hall with 1,000 people in front of them is not going to go.

COMMISSIONER DOOLAN: And I mean, again, clear narrative, that's a clear narrative supported by all governments, so effectively no room to misinterpretation.

MR RAGG: Yes, and I guess I'd add to that, the appearance from all jurisdictions that they're engaged, even if the project isn't in their state, that the impacts of that are understood more broadly and that those jurisdictions are also engaged and preferably present at the consultations.

COMMISSIONER DOOLAN: Sorry, John.

COMMISSIONER MADDEN: I was going to say, one of the comments you said just leads on to governance because you said the Authority should get out there and explain these projects when it's not their role at all across the whole program. There's one or two that have a role in, but it's the Authority's job on SDL projects to assess them as a regulator in time to see whether they actually meet the environmental equivalents, not to actually be a spruiker or potentially, you know, promulgate the projects because they'd actually have to test that they're valid and have integrity at the end of the process. So that is in itself an issue on the SDL and it would be good to have a comment then, but then leading on to other issues that raises in governance.

I guess the same thing with efficiency measures. The Authority has no role in delivering on efficiency measures other than, I guess, in the long term looking at the outcome of the plan and whether the 450 is contributing as it said under the plan towards schedule 5 outcomes. So that's actually a process I assume in 2026 when you actually go to review the plan, (indistinct) is the 450 effective? So I'm not sure what the check on whether water sourced in the Lachlan or the - in the Balonne actually contributes. I'm not sure where that check happens until 2026 which may be an interesting surprise when they say that it hasn't actually contributed towards schedule 5 outcomes.

However, so first in the short-term, the SDL projects, the role of the Authority, and what do this community actually think at the moment, or no, what's the communication? And then second into what are some of the key functions into the governance area that is causing confusion in the community.

MR GORDON: So around those kitchen tables that I referred to a little while ago, government is government. People don't make a distinction. What they do want to know is the point that Warwick made, is that all of government has some ownership of what's being done to these communities, and the Authority being the peak body for want of a better description, they would expect it to be there.

Now, whether they're part of the decision-making process or the assessment process or whatever isn't going to matter much to most of these communities at the end of the day. They won't make that distinction. It's for those of us that make and advocate policy that will make that distinction.

COMMISSIONER MADDEN: I'd comment though that they should know who they should contact if there's a problem because no one contacts government, they contact someone. Anyway, that's an - - -

MR GORDON: But not necessarily the right department and that's where you start to get buck passing and duck-shoving and all the rest of it. It's a consistent complaint if you talk to people who feel disenfranchised that that buck gets regularly passed. So that was the first of your question, John. Second part, sorry?

COMMISSIONER MADDEN: Sorry, just on that, so the Authority's clearly got a role to articulate their view on the success potential of those SDL projects and I think that would comfort some communities to be - see that confidence. It's a default mechanism that they will be the go-to people in the absence of any other clear identity. We can talk about splitting shortly, but I think it's - there's an expectation that the Authority is the authority, and people vest things in the Authority that's not their role. The high level process should be mature enough to be able to filter that and resolve that for the communities. The communities shouldn't have to make those distinctions.

COMMISSIONER DOOLAN: Could I just ask one last question and maybe it's - I mean, you referred to, which is not within our control, but the release and response of our report. If some of our recommendations aren't necessarily picked up, if things go on the way they have been, particularly so community consultation, what do you think could be the outcome over the next five years?

MR GORDON: I think the indecision, the angst will only get worse. The uncertainty would lead to people saying, "Well, why am I here?", which translates to, "Well, I'm not investing any money in this. I'm out of here", it would start to undermine significant investment. You're going to see investments shift away from within the current irrigation corporations to greenfield sites and they'll become more and more unviable.

I mean, there needs to be some certainty and some structure around the whole process now. If there's no ownership of, say, water sharing plans, if there's no - if - if communities are put in a position where they spend all their time and effort and resources looking for a way around what government's doing to them, rather than working with government towards a sensible outcome, then anarchy's probably too strong a word, but you certainly don't end up in a, you know, a sensible place.

There's opportunities to get this right and the previous speaker asked that, you know, we come to a sensible conclusion, I think to paraphrase him, and I think we're asking for the same thing, but some of the changes you're recommending in your draft report are timely or time bound, and if that doesn't happen, and at this stage it's really, really easy to imagine that that won't happen, then there's implications for all of us. So I guess the reason I raised it was to try and focus those that have got to respond, and we'll certainly be advocating that those that have got to respond to your report, pick it up in a bipartisan way, work together, get it done and dusted, you know, in a sensible way, because otherwise all of this process, all of this work is going to be for naught.

COMMISSIONER DOOLAN: And I think you did say communities need certainty, certainty with (indistinct), and governments have been trying to give them certainty which is behind the delivery on time.

MR GORDON: Yes.

COMMISSIONER DOOLAN: I suppose our observations and discussions around the Basin are, that's not certainty if people don't believe it can happen. It's just then a different sort of uncertainty.

MR GORDON: Yes.

COMMISSIONER DOOLAN: I'd like your perspective on that because you're much closer to the grass roots.

MR GORDON: Look, it's really difficult to interpret because communities are diverse and there's diversity within communities, so some people don't believe it can be done and are trying to, you know, are walking away or preparing to walk away, or at a - and I guess the fact that a lot of these communities are currently in drought are really causing them, "Okay, step back time, re-evaluate. I'm in drought, I'm pulling my head in for 12 months, that's going to make it a bit tougher. Got the Basin Plan there no certainty around what that's going to mean. Water sharing plans, we know they're going to change. Is that going to be - you know, what impact is that going to have on my business?".

There's just a million questions, not just of individual businesses but communities as a whole. Some think they'll be more affected than others, but 450 is clearly part of that, because, you know, South Australia can only - those environmental outcomes can only be generated from a more confined space which is an issue you've raised a couple of times this morning.

So that level of uncertainty just causes people to at least temper their enthusiasm for investment, and that's - there's no doubt that's already happening in some areas. I had a conversation as recently as yesterday that reflected that. So it's one that's happening out there now. It may not - the conversations at the moment may not necessarily be triggered by the Basin Plan, but Basin Plan's part of the equation because it's been triggered by lack of water or access to water through higher market prices or whatever. It just - it's not to say investment's not happening, but you know, with interest rates where they are investments should be coming hammer and tongs, and in some areas it's not clearly.

COMMISSIONER DOOLAN: So good, proper process - - -

MR GORDON: Good, proper processes and it's even as simple as, okay, we all know water sharing plans have got to be reviewed by the middle of next year. We all know that's not going, or not likely to happen, and that just creates some level of uncertainty. The government couldn't even make a decision - if your report's released, because of a recommendation that says that timeline should be extended and government doesn't respond to it until this time next year or later, people say, "Oh, they couldn't even get their act together to respond in time to that", you know. So it's just another opportunity to say, "Damned government", you know, and they won't make a distinction. It's - it is government in the broadest possible definition.

MR RAGG: And so a couple of things to add on that, so firstly with recognising that the report is for jurisdictions, albeit will be reported to the Commonwealth, so there will be a need for early understanding of what's in a cross-jurisdiction, so we'd encourage that to happen as quickly as possible. I haven't done the sums but I'm suspicious that there's not 25 days between the release of the report, 25 sitting days between the release of the report and the potential Federal election, so that may be something to consider.

And the third point to make is that, by the nature of the process, the draft report has socialised a number of recommendations already in the public domain. It's therefore a reasonable step that the final recommendations be socialised with or without commitment that can follow, but because jurisdictions in the industry, community need to understand what's going on, what's being proposed and work towards that. Earlier is better.

MR GORDON: The further point to that, and I guess it's a little bit obtuse, but we keep talking about community and about businesses and what have you, but at the end of the day this is about how government trusts people, and that's the really important thing. So stop socialising it across nice weasel words like community and whatever, and focus on, this is how government treats people because it really is at the end of the day that simple.

COMMISSIONER MADDEN: Do you want to do splitting?

MR GORDON: I was going to come back to governance but I thought that was a nice end.

COMMISSIONER MADDEN: Yes, we touched on it in terms of the functions for SDL but I did want to ask more widely about, there's a lot of roles, and we've raised some of them such as trading, also deliverability. You know, there's then the 2026 review. You know, so there's a lot of roles with the Authority as an independent regulator versus operator, so I'm just wondering what some of the key things that again, from community in your experience, come up as problematic in that space.

MR RAGG: They're probably not that close to it. I mean, they're probably, as I alluded to before, they just see it as one big thing so they haven't got into the detail of that. That said, our view on the identification in the draft report on what should go where is reasonable. We're content to pursue that. The pathway to implementing it is the troublesome bit. It probably needs to be done sooner rather than later, but I think there needs to be some judicious preparation to do it, so I've been in and around government for long enough now to see that vesting roles in a new entity or moving roles around comes with inertia.

There are ways to address that, have a clear articulation of what's going to be implemented and an implementation date so it can be fully or at least substantially resourced, including by the appropriate staff at implementation, not gap. Okay, we've made the decision, this is what's going to happen, and then it takes six months of inertia to get the right people in to wait for them to serve their time wherever they are and move across and for people to agree, all of that bureaucratic process that will need to take place

at some point needs to have happened before you press go rather than afterwards because we don't have time to wait six months for someone to get up to speed.

MR GORDON: In a general sense, community is saying it doesn't, as Warwick said, doesn't see that need for separation. Having said that, though, the model that you suggest they will recognise in that, one of the things that they don't like about the current process is that it's us versus them, them versus the other them and what have you, whereas people are much more comfortable if they can see, and I think we talked about a little while ago, see people working, governments at all level of government, working together.

Now, the model you're proposing re-engages the states more collaboratively than perhaps has - where it's been more adversarial in the more recent times, so the model that you proposed in the draft report tends to say, "Okay, we need to put all that stuff aside and actually start to work together for the common outcome", but more importantly be seen to be working together for that more common outcome.

Now, I think the splitting of the roles between regulator and checker is not a distinction that most people would see from a process point of view of ensuring good policy into the future is really, really important.

COMMISSIONER DOOLAN: Thank you. Thank you very much.

MR GORDON: Thank you.

COMMISSIONER DOOLAN: We will now take a break for tea and we'll reconvene at 11.15.

ADJOURNED

[11.00 am]

RESUMED

[11.16 am]

COMMISSIONER DOOLAN: We'll reconvene. Our next speaker is Zara Lowien from the Gwydir Valley Irrigators Association. Zara, you're on the line?

MS LOWIEN: Great, thank you very much firstly for allowing us to present to you this morning, but I'd also like (indistinct words) to getting involved and staying across it so I appreciate that very much.

I'll be pretty brief to start off with. Basically I've just got a couple of points I want to raise. Thank you for your draft report so far. We agree with a large majority of your recommendations, particularly those around addressing over-recovery of the alignment of outcomes and the achievement of outcomes (indistinct) scenario. I strongly agree with your language and your recommendations around providing leadership and a change of government from the Federal level right through to the Basin states.

The real challenge for industry and individuals on the ground at the moment is to understand who may be in charge but also what is the overall objective that governments

seem to be working towards. We've had a lot of change very recently or over the last six months in New South Wales in particular, and have created a lot of uncertainty and instability, I suppose, in the industry. So we definitely needed some action in a few areas obviously and we've had that but now it is getting (indistinct) and we think that also needs to come from a Federal level so we agree very much so with many of the recommendations around that within the reported findings.

The other area we thought to talk about is in (indistinct) particularly of the over-recovery that the timeframe for that in its process to that or the policy around that. We've just had confirmation with the wider water resource plan now in a public exhibition here for service water that the region is over-recovered to a point of nearly ten GL. That's been updated from (indistinct) figures which are yet to be finalised but New South Wales government report has given new figures so I assume they'll be the ones recommended to use.

That for us presents a really unique opportunity for governments to show leadership and recognise the impact that water recovery had in its previous no regrets policy, and look at coupling some of those structural adjustment opportunities financially with provision of the opportunity to purchase back over-recovered water. The legislative arrangements available for that — I think how that happens doesn't really matter, but I think it needs to be a concerted effort by governments to ensure that does happen and does happen in a way that can provide genuine socioeconomic benefits to communities that have been significantly impacted.

I think I'll probably leave it at that. My only other point at all is that the wider community has had a long history of environmental water management and use and we have achieved some great outcomes and we need to ensure that we can communicate that that better, and I think that to do that we'll need to continue to work collaboratively across a number of government levels and there is now, with an oversight towards the whole of northern Basin approach, particularly out of the Basin Plan, we may need to look at as suggested by itself and northern Basin government's arrangements for discussions and a platform and also a sharing of ideas. So as I've said, wider (indistinct) water (indistinct), particularly since the dam was built. It wasn't called that at the time but it was called replenishing for the wetlands and so we have (indistinct) and I think there's an opportunity to share that knowledge amongst the different valleys, between industry as well as (indistinct) water managers in the community, we all have different values in our water, I think and I'll leave it at that if you have some questions.

COMMISSIONER MADDEN: Thanks Zara. Just for me, given this particular northern Basin issue around the toolkit and the deal sheet and the like, I just - we've had a conversation this morning about the SDL and how it's kind of starting getting into gear. I know we've had the northern Basin Commissioner come on board. Would you be able to provide us a bit of an update of what action or activities are happening in the north in regards to the toolkit, its governance, its management? We've made some recommendations in that area which is good to get some feedback, but just a bit of an update of, you know, what's happened in the last three months in that space.

MS LOWIEN: Well, officially there hasn't been a lot locally in that space. I think around the whole leadership in government problem, I think we need a great deal of clarity around the toolkit and the deal sheet. They are two separate things. I would have to - I don't want to assume that they're interconnected, but I believe that they are in some way or form, and I think we need to have some engagement on who's leading that as indicated in your draft report. I believe the states are - in particular New South Wales and Queensland - are meant to be working on business cases. I'm not sure if the business cases are only for the toolkit or whether they're required for deal sheet requirements as well, but I think we need to sit down and actually work out, well, what are the things we can do. What is the total bucket of funding that we're talking about. Obviously we can estimate that based on the water that doesn't need to be recovered now.

But in particular for Gwydir constraints. It continues to be one of the key flagship toolkit measures. We have not seen any progress on it. Local land holders in and around the area of concern have been consulted for a number of years now, and in fact I would assume that the project is ultimately led by OEH and to my knowledge they've had no information or I've seen no further versions of that project going forward. So I would agree with your findings that it would definitely need some clearer rules around projects, how to get consent to put in reports and some timeframes on when we expect to see those be prepared and assessed and then also potentially implemented.

COMMISSIONER MADDEN: So New South Wales hasn't sketched out any broad plan around resolving those kind of issues?

MS LOWIEN: Not with our organisation, although I have met with the MDBA more recently and there was a discussion about working up some business cases within the next short period of time, but there's been nothing formal in terms of an approach to us or from any of our members in regards to the constraints project, which is very concerning for us because obviously if that's its flagship project it could take roughly half the amount of the toolkit budget if not more, and it could take years to implement, so what is the - how does that impact the Basin Plan overall if it is a ten-year project, for example. We haven't had those discussions.

COMMISSIONER MADDEN: So just in those discussions with the Authority, what do they say is their role in a project like that and within the toolkit?

MS LOWIEN: I think they're still working out their role in the toolkit and the deal sheet but I believe it is an overseeing role and a recommendation role to funding, kind of like an assessment approach in terms of does it need to, the toolkit in particular, does it help address an improvement in environmental objectives and outcomes as modelled under the Basin Plan.

That is what I got out of the discussions with them, but I think there's still a lot of internal government discussion around the role and I think you touched on that in your draft report, and I think it's getting to a point that there is so much on individual agendas at a local level and all the way through both state and Federal government projects that it's

time to start sorting this out so we know who's in charge, who do you go to if you've got a problem, or if you've got a solution, and that is not clear at this point in time.

COMMISSIONER MADDEN: All right. Thank you.

COMMISSIONER DOOLAN: You mentioned that Gwydir's water resource plan is out and that's one of the early New South Wales ones. We were actually in Dubbo yesterday and heard a great deal about water resource plans that potentially have been complex. Were there any serious rule changes that needed to be shifted in Gwydir, or was it a fairly smooth process?

MS LOWIEN: There's a bit of a long history in Gwydir. I think all regions would say their water sharing (indistinct) all relative to the valley. The Gwydir was a tireless project and we in fact have gone through a review phase and (indistinct) before New South Wales (indistinct) were brought into the water resource plan, so we've gone through the initial review phase now twice, and now come to the end of the water resource plan.

The frustration from leadership and local stakeholders around the table was that there are a number of issues that will remain unresolved. There has been minimal change. There has been some good change, some amendments to this change and also some agreement to prepare maintenance operational changes and putting them into the plan to provide security and new opportunities for environmental managers in particular, but from an industry perspective there are a couple of quite key issues that we want to look at that either weren't progressed because of uncertainty around the model at the time, particularly with floodplain harvesting not being fully implemented yet, and that's one key aspect that is missing at this point in time is still under review, and then another part in terms of that they ran out of time and didn't have the (indistinct) to model another issue (indistinct words) allocation, so the short answer, that's a long answer, but the short answer for you is there will be minimal change. They need to have (indistinct) that are quite well progressed and may not have - may have a couple of key issues. There will be unlikely to be significant change due to the inability to, one, test that, and then to provide the right level of assurance that there is no impact on either side of that (indistinct), and it comes back to a concern we had with the way the Basin Plan was structured and the way the water resource plan process goes and the requirement needed to show that improvement from phase 1 and (indistinct) conditions and it's providing - the Basin Plan, one, to provide opportunities for the new evidence from science companies, for example, updates based on the (indistinct) limits which is what's happening over healthy flood plain projects at the moment re-estimating our base line.

Then on the other hand there are really quite prescriptive rules around if the rules changed whether it benefits - how it impacts or has no net impact on the environment even though it might more efficiently provide the opportunity to share resources and provide benefits to the environment for (indistinct) water allocations, that can't be balanced out and we're finding that to be a really, quite a difficult discussion point, and getting enough evidence in time to work through that complex issue when this process is not going to be available. So it's a real - it'd be a real shame to see those water sharing plans that are now 16, 12 years old, 2004, yes, 12, 14 years, 15 years old, and we're not going to see significant

change, particularly because of that even though we've been reviewing this now for nearly five years.

COMMISSIONER DOOLAN: So even if the environmental water holders and irrigators work their way through win/win, there's difficulty in having that accepted, is there?

MS LOWIEN: Well, there's difficulty in getting - - -

COMMISSIONER DOOLAN: The information to show that.

MS LOWIEN: - - - the agreement to - yes, the information to show that, and a willingness to put significant time and resources behind that in some cases. So there might not be agreement - a (indistinct) agreement from around the table but there could be an agreement to pursue it and look into it.

COMMISSIONER DOOLAN: Yes.

MS LOWIEN: And then you make a judgment call based on the outcome, but we, for example, one of our key issues in terms of supplementary and looking at a new accounting framework for that was just a blanket, "We don't have resources and time for that", and I feel that we're now looking to that sharing arrangement which may not be the most efficient process and we'd probably be locked into that for another ten years, and I think that's the, you know, disappointing outcome for everyone who has been quite patiently waiting for that ten year review and also the opportunity to then develop the water resource plan and then change being able to make significant change.

COMMISSIONER MADDEN: So just on that, has anyone talked about how there would actually be changes and amendments and the process under an accredited plan to actually do something before year ten?

MS LOWIEN: Yes, we have raised it as wanting some more, some more clarity around what would happen with the issues list that couldn't be addressed, and to my understanding there is, there is definitely something within the Basin Plan to do that basically in New South Wales (indistinct) for accreditation (indistinct) plan. If that was a material change they would have to go and probably get permission again, but at this stage I haven't seen a process presented to New South Wales on how they would do that, whether it would be five years or ten years, and as the - something like 11 schedules and attachments for the water resource plan. I haven't quite stumbled across the clause yet that might tell me what that could be in terms of the package of documentation we'd have to review to (indistinct). It's quite significant and overwhelming for a group like ourselves, let alone an individual to really get their heads around the impact of change and opportunity in the future.

COMMISSIONER MADDEN: Zara, on that plan itself you said the floodplain harvesting is not completed yet. Is that likely to be completed by the time the plan is actually put to the MDBA?

MS LOWIEN: So I have had discussions with both New South Wales and the MDBA on that. Because of challenges with confidence in (indistinct) gone through many of the peer review process issues kicked off earlier this month, so that will take us through to nearly April of next year. New South Wales could have presented the Gwydir water resource plan before February and for accreditations that they were going to hold off, so what they will do is, they'll hold off until (indistinct) can be included and then accredit both that being finalised, so MDBA are aware of that timeframe and they're not expecting or anticipating, particularly the northern valley, to go through accreditation until after (indistinct words) been finalised. So that puts us in for accreditation process in April which will also (indistinct) accreditation for New South Wales (indistinct).

COMMISSIONER DOOLAN: So, sorry, if you don't mind, it's just that we were in Dubbo yesterday and so we did hear quite a lot about water resource plans in that region and the uncertainty about floodplain harvesting, and confusion about how floodplain harvesting is included in the BDL and the SDL, what does it mean for (indistinct) water. Has that been - is that confusion shared by the Gwydir Valley or is it actually (indistinct) out and we do understand that and it is clear?

MS LOWIEN: So the Gwydir Valley that had probably a long history with floodplain harvesting, we are again the pilots for (indistinct) projects.

COMMISSIONER DOOLAN: Right.

MS LOWIEN: We - floodplain harvesting as a project is all about re-estimating and providing a better estimate of our BDL which then provides a new answer for the SDL approach, so we are anticipating our baseline diversion limit to be changed to incorporate the new estimate for flood plain harvesting. I'm not sure what that is or it will be at this stage but we always knew throughout the entire development of the Basin Plan, and indeed the development of our water sharing plans back to 2004, that the estimate provided in the model for floodplain harvesting was incorrect. It was underestimated floodplain harvesting, legitimate floodplain harvesting access and this project is all about re-estimating that and then providing a volumetric (indistinct) for that and there is a communicating and understanding what floodplain harvesting is in a challenge because it's often perceived as new water, but in fact it is a long-standing, historical form of (indistinct) licence under type 2 of Part A, both under the Water Act of 1912 and then also incorporated into the Water Management Act allowance

Now what we're doing is transitioning what is an allowable activity and creating a volumetric licence for that which is part of the National Water Initiative requirements, so it's not actual new water. It's just providing a volumetric estimate to what that water take is currently and getting confidence around how that number is estimated, is where we're currently in discussions and going through the peer review process because we need to understand how the model can improve to make sure we have the confidence that the number is a good estimate because if you over-estimate or you under-estimate and we need to have an agreement of the level of certainty or uncertainty around that and then create an accounting framework tool and manage uncertainty.

So the clear message for me on floodplain harvesting is, it will provide a new estimate for baseline diversions across the northern Basin. It isn't new water, it's just re-estimated water that is already taken and diverted or intercepted and just allocating that volumetric number as opposed to either a model estimate or a floodplain lot number which is currently sitting in (indistinct) so we've still got some way to go if you get that in place where all stakeholders are in agreement.

COMMISSIONER MADDEN: So, just Zara, just for clarification, the point you haven't mentioned, that is the SDL once the BDL is better estimated. It's my understanding to achieve the flow indicators and the like that the SDL would be adjusted as well, but what is the understanding in the discussions you've had under the water resource plans?

MS LOWIEN: Yes, so the way the Basin Plan is written is, the SDL equals the baseline diversion limit, the number required for water recovery. So the number required for water recovery doesn't change. It's 42, and if the baseline number changes through better information which is above the help flood plain project should do. That means that the difference of those two numbers would change, but in fact it's a relative change because it's a new estimate. You wipe 42 off it and you get an outcome. In that scenario, for example, the current sustainable diversion limit model for the Gwydir system, Appendix C of Schedule F of the Water Resource Plan, that's part of the appendices and schedules I've got, it goes through the process of that calculation in the model used so that the number that they use changes up by, say, you know, a number X is just a new calculation where everything just goes up by that amount.

COMMISSIONER MADDEN: Yes, so 42 remains the answer.

MS LOWIEN: The 42 remains the recovery required. Yes, and I'll say that the 9.90 GLs over-recovery essentially stays the same answer because it's - the number goes up under both scenarios.

COMMISSIONER MADDEN: Yes. I just wanted to clarify because there was, as Jane said, there's a lot of different misunderstandings with stakeholders and informed stakeholders of that.

MS LOWIEN: Yes, it's a - it goes back to my point about this not being new water. It's just that the a perception issue, and baseline diversion number isn't a set number in time. It's actually just an estimate, so it could go either way with new estimations, but in fact in this case it most likely will be going up.

COMMISSIONER MADDEN: Yes. So I wanted to ask one area about environmental watering, and I know the Gwydir, as you say, has a lot of experience with (indistinct) and the ECA and the like. From your perspective in terms of how those arrangements are working, given that there is a change of OEH obviously being there, but then the Commonwealth having holdings, so is that process - I know you then talked about the

whole of the northern Basin and welcoming some of those suggestions there, but are there lessons at that, I guess, valley level in terms of how things have worked?

MS LOWIEN: Yes, I think there is, and we've had an ECA committee meet for water sharing plans and that is a statutory requirement (indistinct) and it has evolved over that time and that's now been called an (indistinct).

I think some key lessons and I've only been a part of it for about the last seven or so years, finally seeing good representation from those within the community and getting them the evidence from both the water managers, you know, the scientists and having the right decision-makers around the table so that you can come to a good informed decision, but it's getting the right local representation that sometimes you, whilst at the local based approach, we might have more agency people from various levels of government being there to, you know, give a strong opinion that if it's for our environment, for our local community they should have a very strong voice in that, although I feel that sometimes it's a lot of people from outside telling locals what they should be doing. Now, they should be given the information to make the decision best for both the environment and community in some cases.

So I think there could be some better consideration around that. I think there could definitely be some streamlining in the planning and the government's arrangements and I know that information projections about that and we've been looking at all the different types of long-term plans and short-term plans and annual plans, and it's really hard to keep up with them and I think we need to streamline that significantly, and in reality the CEWO and OEH, while they hold two different portfolios under different names, they operate as an entity.

So we are duplicating in some cases governance, when in fact it could be a joint decision and that be streamlined much better. So I think we need to come back and constantly be stopping and reflecting on those arrangements over time, and in Gwydir we might be able to jump ahead with new structures and new ideas, but in valleys that don't have that issue, well, they might have to - they're in a different phase in their group development and they might not even have a group yet, so it's really quite important to get the right people on the ground in a proactive manner.

COMMISSIONER MADDEN: Thank you.

COMMISSIONER DOOLAN: Sorry, I've just got one, that was the one you started with which was over-recovery. Gwydir is one area where that's been (indistinct) signals we've heard. We made a draft recommendation about governments having a clear policy about how they would deal with over-recovery, not necessarily immediately in 2019, but to provide some certainty about in what timeframe they would look at it, what they would take into consideration. Is there anything - I mean, you opened with that. Is there anything that you would like to add on that?

MS LOWIEN: Look, I think getting agreement in a policy to, one, recognise it has been a challenge for us and now the water resource plans (indistinct) kind of cemented in more

firmly for it. I think having the policy agreement to express it is one aspect. The timeframe is really quite key so whilst it might not be able to occur in 2019, I think if it's extended for too much longer you're pushing into the ten years since the water was initially (indistinct) in Gwydir. If it goes out another ten years, that's 20 years where we've had lots of lost production that may not need to have occurred.

So I think we need to be really cognisant of the impact and the long-lasting impact of that as it extends further and further, so I'd like to see something, an agreement to have a discussion on it by 2019, just (indistinct words), and then have a very firm timeframe that isn't too far out to provide communities some assurances, and my - our recommendation here would be to look at how you can integrate the opportunity of over-recovery and with other structural adjustment opportunities, and one here is determined by the market water back to production. There is an opportunity to maximise that benefit for the broader community if the type of entitlement is considered as a high security option. For us that provides not only a larger economic and socioeconomic benefit through higher employment, it provides us a greater economy of scale in that the permanent plantings of which we could then capitalise on possible inland rail opportunities and we might see a change in structure to provide a more consistent level of agriculture (indistinct) cycle because of our low reliability on other entitlement categories.

So my addition to that one is to definitely couple it with other structural adjustments, look at the structural adjustment opportunities that exist in the government portfolio already, like in the NBN, for example, fast-track that and then add that with water, and we could make a significant impact to some communities that have unfortunately suffered more than they technically needed to.

For example, obviously 9.9 gigs, possibly over, or most likely over up here in Gwydir, if that was high security that would be about 11,000 megs of high security. That, depending on the crop, so if I was to use nuts as an example which is a pretty significant permanent planting here already, another 1400 hectares, would almost double from the planting here for pecans, and for every hectare of pecans you're looking at about 15 (indistinct), and obviously there's a (indistinct) across the numbers affected (indistinct) that's significant. That changes the fact that we have then local growing services, with local processing. Put all of that on a train to somewhere and that would really change the economy and I think that's the opportunity that they need to see.

COMMISSIONER DOOLAN: Thank you. Have you got questions, John?

COMMISSIONER MADDEN: No. Thank you, Zara.

COMMISSIONER DOOLAN: Thank you very much, Zara, we'll leave it there. Now, you're welcome to stay on. We next need the phone at about quarter to 1. If you want to stay on you're welcome, but if you don't that's fine, we'll cut you off. What's your preference?

MS LOWIEN: I'll politely decline if that's okay.

COMMISSIONER DOOLAN: Okay. That's fine.

MS LOWIEN: I've got something on in a little bit so that's wonderful. Again, thank you for the opportunity to present and via this phone. That's wonderful.

COMMISSIONER DOOLAN: Okay. Thank you. We appreciate it. Bye.

MS LOWIEN: Bye.

COMMISSIONER DOOLAN: Okay, our next speaker is Jack Holden from Fonterra. Jack, if you wouldn't mind introducing yourself for the record.

MR HOLDEN: Thank you. Thanks for the opportunity. I'm Jack Holden. I'm the sustainability manager at Fonterra Australia. That's my day job. Part of that is being a part-time support for our dairy suppliers on the water-related issues, particularly in the Basin but not just in the Basin. So we, yes, we appreciate this opportunity. I'm not going to read all of this, but I'll just give you some highlights from that and, yes, look forward to the Q&A.

Just an overarching statement, and I, look, I just thank the NFF for their contribution this morning. I mean, the expertise that they bring to this is well beyond what we can resource internally inside a dairy company. We're good at making cheese but there are other things that I think, you know, the expertise is elsewhere, so we, you know, we endorse all that pretty well from our point of view. I think it's ironic, I suppose, from the dairy industry's point of view at the time when this is such a live issue.

Our largest dairy company, Murray Goulburn, named after two of the biggest rivers in our - has gone through a, you know, a transformation and now it's been sold, and so their capability to sort of sit with us and present on this basis I suppose is understandably hampered, so you know, we do feel it's an opportunity to actually sort of put the view of dairy processors, but there are others apart from us who are, you know, essentially in the same position.

By way of background, Fonterra, it's the second largest milk processor in Australia by volume. It's a New Zealand-based cooperative. The Australian farmers we have here are essentially contract farmers. They don't own us and we don't own them. They're independent businesses that are free to come and go, you know, as they see fit I suppose.

We collect about 2 billion litres of milk across Australia. It's mostly Victoria and Tasmania. It's no accident dairy in south-east Australia is the most profitable part of the dairy production areas, and we have about 1200 farmers across that area. We have seven manufacturing sites, 1600 people employed in Fonterra and in Australia in sort of ongoing jobs mostly in rural communities.

Our footprint in the Basin is the Stanhope Processing Facility which provides about 200 jobs, 200 sort of ongoing jobs, and some contract labour around that, particularly in the construction phases that we're going through at the moment as well, and we source from

around 200 farms that directly source into Stanhope as the first point of receivable, pretty well in the GMID, although there are some sort of further upstream in the sort of north-east catchments, but mostly Victoria and a couple across the border in New South Wales.

By way of context, in 2014 the cheese plant in Stanhope in late 2014 essentially was damaged by fire. The plant burnt, a considerable part of it in an accidental fire. We deliberated for a long time about do we rebuild. That was a pretty key sort of business decision for us. We went to a considerable effort to keep our staff on during that period of uncertainty. The decision to rebuild was made basically in response to a global demand for export cheese.

Northern Victoria's got some attributes in terms of milk volume and seasonal conditions that do suit a cheese production facility so we've committed some hundreds of millions of dollars to set that up. That rebuild continues but you know, progressively we've been able to take more milk back in there and put people back on the payroll to do that, and you know, we're months away, I think, from sort of completing the final stages of that build.

I think part of that - sorry, and the important part of that is that the customers we're looking for here is not a commodity market. This is customers who are, you know, high value. They want a predictable supply of a quality product from a consistent sort of supply chain. So it's very much trying to take our farmers away from exposure to a commodity price into something that's got, you know, much more resilience in what we can afford to pay back in milk price away from just, sort of, you know, putting powders into the market on whatever day it is.

The farmers are, I suppose, the primary reason for our interest in this right now is the 450 GL and we'll talk about the upwater, give you some sort of context around that. We've made a submission in the previous process here in some of the sort of key points of agreement around that. I've outlined in that and I won't go over those. On the whole we're very happy with, you know, the material that's provided in the draft report. We think it raises some really important issues that we do think need to be addressed, and I'll just reflect on a couple of those particularly now.

I think the first one, I suppose, is just, is the governance questions. I mean, we're not governance experts and we rely on others to do that, but it does seem quite disjointed from an outsider's point of view about where is the point to access government, and are the government agencies talking to each other around that. So, you know, the MinCo process is essentially invisible to us. The process of actually who you go to and who you would hear from seems quite unpredictable and I think some better way to structure that so that the decision-making and the monitoring, and you know, the proposals that you have in the plan, in the draft plan, you know, may well do that, but certainly for us who are, you know, looking for efficient engagement, find that the current model is very difficult to navigate and we do rely heavily on sort of, you know, insights developed by experts and it's not a very engaging process for us and I can imagine it's even less engaging for our farmers, and that's certainly the feedback we get from them.

I think that sort of leads into a sort of discussion around stakeholder engagement. The culture of stakeholder engagement across the, you know, different parts of the Basin Plan process, you know, from literally a decade ago has been quite chunky. Sometimes we feel like we're part of what we call like a lucky dip invite process. You get invited to some things and, you know, we've been - some of us have been in northern Victoria this week, had discussions that were given invites sent out on the Thursday for discussions that started on the Monday or Tuesday of this week. You know, it's just - it's just not possible to get the right intellectual response and to get the right people engaged to get a corporate view in that sort of timeframe. It's a very difficult sort of process for us to do. So we feel like there's got to be some hardwiring of stakeholders into that process rather than sort of, wait until we cook it up and then show it to you and then, you know, hopefully can get through that process before the deadline runs out. I'll come back to deadlines too. I think that's an important point.

Our primary concern is water recovery for socioeconomic tests for the 450 and I think our initial thoughts on, you know, two, perhaps three years ago was that water recovery through on-farm efficiency was okay. I think we've changed our view. We've changed our view and our view now is, no, that removal of water from the consumptive pool presents plenty of challenges to us and to our farmers and our view is now that that's a real challenge. I mean, obviously that is made worse by the fact that it's, you know, available in some states still and so a removal from the consumptive pool puts a challenge on our suppliers who have to face the increased water price somewhere else with that change going on.

We're very supportive of the concept of farm efficiency, so don't for a minute imagine that we don't see great opportunities around making our farm base much more efficient. You know, we've got a full-time northern Victoria farm water efficiency manager who one-on-one engages with farmers about their water security position and looking at all sorts of technology changes that might take them to a better place and you know, the gravity fed only model that we've gone to, or that we've inherited I think is, you know, we know the days of that are numbered if we're going to be a competitive world producer of food. We do believe the market will sort that out, though, so farmers will, on their own balance sheet, you know, we've heard this comment this morning, on their own balance sheet make sensible decisions about improving the upgrades on their farm, that government intervention in that right now is actually not going to help us, I don't think, in the short term, and we just think, you know, let the market sort that out. That will happen.

Our experience is that the dairy farmers in the GMID that we work with who have participated in public funded on-farm efficiency projects in the past have all returned to the market and water to take them back to where they were previously, either, you know, from local or from other places. It's almost unheard of that they don't, in our experience, for the farmers we do.

No doubt there's great benefits there in terms of lifestyle and great benefits in terms of from efficiency upgrades. Certainly benefits for the service provider industries that, you know, get on to the end of these sort of projects, but we're less sure about the water

efficiency benefits just yet, and you know, would like to see some more evidence around consistent improvement that comes from that rather than just anecdotal one-off stories in areas that are perhaps not replicated or what we do currently.

I think there's plenty of evidence that Victorian dairy farmers particularly have carried much of the impacts, you know, given the water pricing and where it is, of water reform today. We can't really afford to make them worse by removing additional water from the consumptive pool through on-farm efficiency. Even currently if they do go off and make efficient improvements on their own balance sheet, that water will then become back available into the consumptive pool and we don't want to actually lose that by taking it out right now when it will come back, so theoretically it's available, practically it's not just yet, but over time it will come back and we actually need that water to actually underpin the production we've got.

Milk processing in essence occurs locally, so the impacts of - the social and economic impacts of water removal in milk processing particularly are strongly felt. We estimate that for every dollar of lost farm income from - for whatever reason, there's another dollar in the local community, in the Basin, from processing or transport jobs, and it's at least another dollar in the value add that happens nearby. It doesn't happen to a lot of other commodities that are, you know, shipped outside of the Basin where the processing occurs, but dairy, I think is quite peculiar in the sense that there's a lot of value add nearby and any socioeconomic tests need to consider the loss of not just the impact on the farm at the farm gate, but the impact in the wider community that is still very much within the Basin in the dairy point of view.

So any socioeconomic tests, and we're of the view that it needs to be much stronger, needs to consider that additional (indistinct) piece. Clearly our factories are, you know, unable to handle - sorry, are able to handle small changes and fluctuations, but large changes we can't just pick up a piece of our factory and move it to somewhere else in our network. They are here for the long term and volume actually matters. They have fixed costs. Those fixed costs have to be underpinned by a, you know, a high amount of volume going through that to make the product that comes out competitive against exports from other places. So it's, you know, the scale really does matter from that point of view.

I think the other point we'd like to talk about is, we just need time to develop more innovative solutions here, I think. There is probably ways that we can do this and, you know, we would possibly look at things like, you know, maybe there's ways of tagging the water, maybe there's ways of doing long-term lease backs following a sale or something like that where we get things in place, particularly constraints. It worries me that we're going to recover water before a constraints process actually demonstrates that we can actually move that water and have the benefits that it's talking about. We would be very reluctant to give up that water and then find that it's actually not usable. How do you sequence that in a way or how do tag that in a way I don't have the answers to and I'm relying on, sort of, you know, people with certainly more time but also perhaps more expertise in this to go and build that for us, but I think some work and some effort needs to go into that.

We're completely on board for the fact that we need to deliver a Basin Plan. We don't want to have a process that runs outside of that, and putting water back from the over-allocation of years past is an important part of that, but the pathway to doing that is super critical for us.

I think the - finally, I think the other point, I think, is that we need to acknowledge that the adaptive capacity of our stakeholders, and clearly they're part of the Basin stakeholders generally, their adaptive capacity tank is now low, so we've come through a couple of decades of water reform. The ability of people to make, you know, good decisions in difficult times, not just because of, you know, climate conditions, but because of reform.

After two decades, people have tuned out. A lot of our supply base are not engaged in this anymore. They won't turn up and they're going to make fire sale decisions rather than good, thought through business decisions based on, "What are all my options?", and I think our job is to just give them time to recover, to go back into these decisions they need to make to reform their businesses and restructure whatever they need to do, and allow that to happen in a reasonable timeframe.

It's an emotionally raw, very - it's a very raw, emotional journey for some of these people, and I think the progression of water reforms are now, the decision to enter into an on-farm efficiency project are not - is a really difficult place for them and we genuinely look forward to some opportunity for them to do that in a considered way rather than in a hurried way, and this is, you know, compounded by sort of, you know, at a lower level I suppose. You know, even the GMID connections project is bringing us some of those decisions, people too who were not ready for that.

Our experience is their, you know, their ability to make good decisions in that process will not have improved by the time we get to the decisions about whether I should take an on-farm efficiency project, and so we encourage you to, sort of, pass that on in your final report that the time for people to make good decisions is really critical.

The confidence matters, this is underpinned by farmer confidence, and at the moment we've got a structured process around certainly capping farmer confidence and perhaps even eroding it through the way the Basin Plan's been rolled out, and the final deadlines are looming upon us where we really don't have a clear pathway and a logical sequence of actually doing these tasks. So I think that's how we (indistinct) around, just making sure the timing here leads to good decisions rather than just sort of hurried and adverse outcomes that were unintended.

I will pause there.

COMMISSIONER DOOLAN: So could you elaborate for me, timing's very important. What does that turn out to be in practical terms? If you were the Commonwealth designing this program, what would you want to see shifted and changed?

MR HOLDEN: I think it's about the - the rubber hits the road for us on the farmer's decision to take up an on-farm efficiency project and sell their water back, you know, to the Basin, to the government, and for that to be a public and open tender process without consideration of, you know, local and business and community impacts, and without them being given, and presumably it will be a, you know, like it seems to be in South Australia at the moment, a short time scale to do that.

So the planning process will be, you know, perhaps not fully thought out on every property and people make rash decisions that some time later they'll come to regret and I think our experience from the previous rounds is that, "I wish I hadn't sold the water. I wish I'd done this myself". So that's the decision point that we need time to get ready for. In terms of from a regulatory point of view what needs to happen to allow that, I don't know. I mean, we're not - - -

COMMISSIONER DOOLAN: Well, not even regulatory, but program design.

MR HOLDEN: Yes.

COMMISSIONER DOOLAN: So at the moment the program design is around tender processing individuals to actually participate.

MR HOLDEN: Yes.

COMMISSIONER DOOLAN: Any thoughts that you might have on a program design that did allow - skip the definition, if you like, but almost a program design that allowed a region to sort of work something through. What would be the key elements of that from your perspective?

MR HOLDEN: Yes, yes, I mean, look, we haven't done the thinking on that properly. I mean I can't give you a list of principles that you need to go to

COMMISSIONER DOOLAN: No, sure.

MR HOLDEN: Except to say that, you know, they're the rocks we need to look under and we're completely on board for that, and let's - let's make sure the right people are in the room to have that discussion, yes.

COMMISSIONER MADDEN: Just on that, you talked about having an invitation to discussions this week. Did you go to any of those?

MR HOLDEN: Yes, so we had representatives at, everywhere except Mildura, I think. I was at Shepparton on Wednesday evening and Echuca earlier the same day.

COMMISSIONER MADDEN: So did they look under those rocks? Are they actually talking at those meetings about program design, about regional impacts, about options other than tender? Do they consider off-farm versus on-farm? I'm just wondering what that - - -

MR HOLDEN: Yes, I mean, I think - I mean, it was reasonably clear that off-farm was our preference, right? And I think the department's view was that that's where you go to first. You know, I'm not going to speak for them. I'm sure they've made their views strong to you as well, but that's clearly what we think. I mean, let's go and recover water everywhere except on-farm. Do all of that to the extent that you possibly can, but then what do we do after that? I don't think they had any sort of, you know, clear process for identifying those and putting them in place given the time scales that we're working to.

COMMISSIONER MADDEN: So I might re-ask the question a little. We haven't seen those processes. I'm just wondering, do they give you any indication that the process of design that they're going through, which they are, and the consultation is to assist them do that, do you think they will actually through that process get to a point where some of the issues that you've raised will actually be considered or do you think it'll be, well, let's do some off-farm and have a tender process?

MR HOLDEN: My view is that, I mean, all of those things will be considered, but the deadline is the deadline was the message we got.

COMMISSIONER DOOLAN: And that's an issue?

MR HOLDEN: Yes.

COMMISSIONER DOOLAN: You need to be able to the planning.

MR HOLDEN: Yes.

COMMISSIONER DOOLAN: Think it through to work it out.

MR HOLDEN: Yes. Yes, and if you've got that deadline where it's got to be delivered, and you know, you guys know more than me what the MinCo decisions and the, you know, NFF discussion about, you know, if we don't get anything planted soon it's another year before we actually get anywhere and get agreement. I think that's the issue for us.

COMMISSIONER DOOLAN: Thank you.

MR HOLDEN: I mean, the mechanism where you can actually, sort of identify something, run the decision-making parallel, but have the ability to have a no go, or go decision on the recovery at some other point down the track when we're confident that it works and everything else is in place, I think rather than having the go, no go decision being the first thing you do which the tender process currently does. So you lodge a tender and then you're in or out, right? And I think that's the wrong way around. Let's do the thinking, agreed that if we can land somewhere that we're okay with, then here is the parcel that goes to this purpose, or whatever it actually looks like, but if we can't land that, well, you know, then the project has failed the socioeconomic test, and the recovery is not possible. You know, so maybe it's just, you know, you can have a pipeline of

possibles, but it's not an irreversible decision before sort of, you know, December this year.

COMMISSIONER DOOLAN: You talked about innovation and with more there is the capability to develop better solutions. Now, it's probably a bit hard to go, "Okay, give me an example of that", but even the sort of indication of what might be possible.

MR HOLDEN: At a farm scale, you mean?

COMMISSIONER DOOLAN: No, whatever.

MR HOLDEN: Yes. Look, again, I mean, I think it's about being able to say, "Look, I can see ways of making my farm better and improving my production and, you know, using water more efficiently". We have no problem with the idea that for every meg that gets on to our farms we need to get more production off that meg, and if we give people the next couple of months to sort of work through a, "I'm in or out of an on-farm efficiency decision", they won't make the right decision.

They'll go with the service provider, the technology, the person that's knocking on their door saying, "I've got a project for you. Now, my commission's the lowest", and it will be very much driven by the demand to get a project nailed rather than, "What's the right thing for my farm? What's my soil moisture sensors that I've just installed tell me? What's the data Agtec guy sold me that I've been monitoring for a while? What does that mean for succession and aggregation", or you know, they're the right sort of bundles of a good decision, and I think we'll end up with something that's sort of, look, you know, here's a, well, actually a one size fits all approach, and you've got to make a decision pretty soon, and we will not get good outcomes, and the scope of innovation in that is very low.

In terms of innovation about the decision-making process than I'd have to defer to others about how - - -

COMMISSIONER DOOLAN: You referred to some farmers, and I know it's only anecdotal, but have regretted having participated in the past?

MR HOLDEN: Sorry?

COMMISSIONER DOOLAN: Regretted participating in the past?

MR HOLDEN: Certainly one of our farmers spoke up at Echuca about they'd done two on-farm projects. The original one was funded, you know, through the original Basin Plan on-farm efficiency projects. They've done a subsequent one which they funded themselves, and they wished they'd done that the first time. It's, you know, given water pricing the business case for doing on-farm efficiency yourself actually makes sense. I think that's - that's the realisation that our progressive farmers have got to is, why would I do this, you know, in the structure that puts the water away from me, and then had to go into the market anyway. I mean, we've now got an asset that really does work well and

has great water efficiency, productivity, lifestyle, you know, benefits for - for the farmer. The natural tendency is, "Well, I should put more water through this", rather than less, and I think that's - they work that out, yes.

COMMISSIONER DOOLAN: John, have you got anything?

COMMISSIONER MADDEN: I guess just a quick question about delivery on this and again it's another part of program design, and it's from your experience and water efficiency guys who go around and what actually works in that planning phase. I look at some of the things in New South Wales where you actually - the PIOP programs, we actually had the infrastructure operator working with a group of farmers doing that planning over a longer period of time and basically tailoring a solution for a group of farmers which is very different to the Victorian early experience of system reconfiguration. So I have some experience of that local scale, and I can see where that can work in places I know.

I'm just wondering how that could actually in Victoria what are the mechanisms? Is it CMAs? Is it, you know, the Goulburn Murray, GMW doing that at a local level? Have they got the capability to do that? Is it a mixture? Because obviously we've got private operators going around doing that kind of thing and then the companies are in there doing it as well. It just seems a lot more fragmented in northern Victoria than places I see in New South Wales, so I think it's, when you're doing program design you've got to be aware of what you're going into, so I just wonder whether that, if you had a, I don't like using the word, but agile or nimble approach like other people there who can deliver on that?

MR HOLDEN: There's sort of two components to that. One is, you're right, it probably is fragmented, and so first of all just join these people up. Don't pick a winner. Join them up, right? And don't say, "It is that one", and then have everyone else disenfranchised. I think from an irrigator's point of view it's - I mean, the simple transactional relationship they have is the person who sells them the water and the person who sells them the water is someone that they transact with on a daily basis, and perhaps that is the go to point for the introduction of those services. It's a bit like your electricity company is where you go to get advice on, you know, what I need about reducing consumption of electricity or something like that, and when you've already got a relationship with them, I mean, we have trucks that go there once a day or twice a day, and so to the extent that it makes sense for us. We would happily provide services as well. You know, they open our mail once a month because there's a cheque in there and that's useful too, and so everyone's got unique advantages, but it just needs to be joined up better, I think. There's no winner.

COMMISSIONER MADDEN: No, not asking you to pick one. I'm just wondering of the environment that we potentially working in, that's all.

MR HOLDEN: Yes.

COMMISSIONER DOOLAN: Thanks very much.

MR HOLDEN: Thank you.

COMMISSIONER DOOLAN: All right. Our next participant is the Murray Darling Association, Emma Bradbury, and Councillor David Thurley. If you wouldn't mind just introducing yourselves for the record.

MR THURLEY: My name's David Thurley. I'm the National President of the Murray Darling Association.

MS BRADBURY: Thank you, Emma Bradbury, chief executive officer, Murray Darling Association.

MR THURLEY: I'd just like to make a brief introduction then I'll pass to our CEO to give the main elements of our submission. The first thing I'd really like to do is thank you for including the MDA in the stakeholder working group. We believe that that was an important and good decision. We also believe that the consultation process that you've gone through has been good, and I think as you're probably aware already, we strongly assert that local government needs better involvement than has been the case up until now. The closest government to the people concerned is local government and we believe we bring a unique perspective, and from the MDA's point of view it's an opportunity to represent local government right across the Basin from the Queensland border to South Australia. So I'll pass to our CEO and move on.

MS BRADBURY: Fantastic. Thank you. And again, thanks for the opportunity to present here and ensure that the Murray Darling Association's position is, I guess, on the record in terms of in support of our submission. Again, reiterating David's comments, I think the process that the Productivity Commission has undertaken we've heard in feedback from our members has been very welcome and well-received.

I think the report, the recommendations and the findings of the report reflect the quality of the consultation that has gone through. So our members have quite consistently expressed a level of appreciation for that process and for the findings. They've also indicated, and certainly the findings and the analysis within the report, that draft report, have reflected very well the broad range of issues of concern that have been raised to us by members in recent years.

I think the overwhelming sentiment, and we're hearing this now expressed again in the current consultation round between the Department of Ag and Water Resources and the community in relation to the water infrastructure program. Similar themes are emerging through that process also whereby the need to ensure that social and economic impacts are understood and that communities have the opportunity to participate in program development with sufficient time to consider, you know, what good solutions look like is coming through in that consultation as well.

So I guess if there's an opportunity to use this forum to reiterate a set of themes that that has been consistent for a couple of years now, and that I know that the Productivity

Commission have heard in their consultation with the community, it is that one. It is that the changes to water availability are impacting different communities in different ways, and they're impacting different sectors within communities in different ways. So the development and design of programs to achieve the Basin Plan's objectives really does need to pick up and recognise that program planning needs to reflect local and regional circumstances, and it's a whole range of circumstances, to just industry-based circumstances or central issues, but as the last presenter in discussion just explored.

You know, where you've got inter-jurisdictional arrangements, but specifically jurisdictions also, such as northern Victoria's water delivery and program development experience is quite different to that in other jurisdictions. Recognising that those are dynamics that will have an impact on the people who are experiencing the effects of the implementation process and that their need to consult and contribute will look different according to their circumstances, those different circumstances is really important.

We found, you know, and again, as David said, one of the reasons that the sense of importance for local government to contribute to this process is not because, you know, this incredibly complex process needs another layer in the set-up. It's more because through the prism of local government we are finding that there is the opportunity to identify, harness and then leverage the common ground, and shared experience, and also then recognise the differences and identify where and at what points programs need to distinguish between the circumstances in one jurisdiction and another.

So I think it's important - I know that, you know, at the risk of the MDA sounding like a bit of a single issue pony, I don't think that's the case. I think, you know, our members are very clearly identifying the fact that they have something to contribute that is consistent with the diversity of experience across the Basin, across this implementation process, and I think that's one of the key reasons that the MDA is so very, I guess, consistent in our calls for one socioeconomic, so consistent socioeconomic assessment criteria and framework, so that it can look at and capture similar experiences and distinguish different circumstances across communities in the Basin and then prepare, you know, policy advice, data sets and contributory evidence, evidence that will assist state and Federal governments to make decisions forward the implementation of the plan.

I think, you know, in all of the diversity that we hear across the Basin, I think one of the interesting elements is again this sense that there is a hell of a lot of commonality and common ground across all elements of the plan, and that the complexity adds - the complexity of not only the plan's overall objective, but the timeframes involved, and you know, whether or not it's water infrastructure efficiency programs or, you know, the SDL adjustments. These are really complex concepts for people whose core business doesn't sit in this space to actually meaningful contribute on. That, I don't think though, I don't think you can diminish though the need to have a contribution in that space.

One other comment just in relation to, I guess, specifically because we're sort of criss-crossing across between Productivity Commission hearings and the engagement on the water infrastructure program planning, one of the comments I'd make that crosses over both spaces is that we're hearing from our members that the provisions - the assessment

criteria for socioeconomic neutrality, which the department's currently exploring in its consultations really should extend to the whole of the 450 gig, not just the - so the whole of the - the efficiency measures, you know, ergo 450 gig, not just the on-farm efficiency measures.

So there's some concern at the community level that the - you know, while they really appreciate that New South Wales and Victoria have extended this push and Basin governments have agreed to consult with the community on what they see as reasonable assessment criteria for socioeconomic neutrality, on-farm efficiency programs, which is where the pinch point is being felt, you know, as indicated by the last presenter. There's concern that the 450 - you know, the recovery, the efficiency measures will apply to a range of water recovery programs that will ultimately impact on the communities at community level, so the need to extend the assurance that there's broader criteria to look at socioeconomic impact of that water recovery should apply across all of those programs, all those efficiency programs.

I think in wrapping up, and I will wrap up because I think the consultation process has been thorough. We've had the opportunity to submit our report or our comments on the Productivity Commission's draft report, and so they're on record, but in summing up, I think this is a really busy time and space for the Basin community. I think there's some really complex messaging that's being presented and, look, I'm not sure I've got anything much more to add. I'll just leave it there. Thanks for the opportunity.

COMMISSIONER DOOLAN: Thank you. Most of your comments have dealt with the impact on communities and therefore people are really thinking about what would be the next phase.

MS BRADBURY: Yes.

COMMISSIONER DOOLAN: And it is obviously decisions and discussions around socioeconomic entitlement, in our view that really translates to program design.

MS BRADBURY: Yes.

COMMISSIONER DOOLAN: And obviously attributes of that program but also the process. So I think you've indicated already, local government would have a real role to play. Are there elements of consultation that we think are really important that we need to actually probably pursue and be clear about, how consultation occurs not just the report but there's the old projects. They all have impact on communities. So from your perspective, if you like, regarding those local communities, what do you see as good consultation?

MS BRADBURY: I think that's a really good point. I think - I mean, we've said to anyone who cares to listen, if we get the process right, the outcomes, the community will deliver the information that you're looking for. It's about ensuring that we get the process right, and the process in consultation is the key to getting that community input into program design around that whole range of, not just the efficiency measures, but the

supply measures. If we get the process right, the additional benefit that we'll achieve is that there is two-way consultation. The community gets a better understanding of, you know, line of sight between the decisions that it's making, the impacts it's feeling and what is being felt up and downstream, and you know, up and down different levels of government and communities and across different sectors within communities.

So I think if we get the process right, that consultation that starts at the ground level, so ground up consultation, that starts with your local community, and leadership within the local community is vested in, you know, your local government, so your mayor and councillors are representing your community's peak bodies, industries, primary, secondary, tertiary industries. They will be your, not so much spokesperson - well, in an ideal consultation, that local government, that conduit through local government into a community will not necessarily see council as spokesperson. It should see council as conduit to the key drivers within a community. So an understanding of the social dynamics within a community, the economic drivers, the opportunity or risks within a community.

So you know, local government in terms of this process in our view should be seen as the conduit to, not the voice, not necessarily just the custodian of a community's views because every community that you go to, and you've only got to ask any councillor in our, you know, who's a member of their community, they're diverse spaces. So if they're used as conduits to livelier, you know, broader information, then that's a really good start in the process.

I think - and again, at the risk of sounding hackneyed on this one, if we do recognise that that collaboration between all three levels of government will bring together that community perspective and community authority through a disciplined process of engagement from the ground up, then I think we're well on the way to getting process right. I think the other key element of process is timeliness. I think it's got to be recognised that consultations, if they're to be meaningful and achieve or discover the information that you're looking for, then being genuine in that equates to providing the required amount of time.

If you need to consult with a particular industry or business, you go straight to the top. You go in there. You ask them, you know, to prepare three days or three hours or whatever, and this is what we want to extract and that's fine. They'll be happy to do that. If you need to go to a, you know, an industry peak it'll take more. If you need to go to a community peak it'll take a bit more again. So that people are feeling heard and are heard, and prepared.

COMMISSIONER MADDEN: I guess it may be a general question. I mean, we've actually been through recovery now and we're, what at 2000 megs or something, we're talking about the last 450, and I know these are the criteria around it, but I guess for me it's a matter of looking back. If you look back we've had a mix of different methods to get things. We've had different approaches, different people, tenders versus strategic programs, buybacks. I just wonder, is there anything we can learn, not just looking

forward to it getting even process, but is there anything that your members talk about that actually has worked well? What are the lessons to learn to date?

And I mean, we've heard a few of them before, earlier about having the time to be able to evolve plans, because I look at it and think, "Well, where do we want to be in X years' time", so I agree we've got to think about the process, but also want to think about what you want to do and achieve, because for this 450 everyone's understanding that landing the last bit's really hard. We're already on a foundation of impact and a lot of impact, and the next bit might have disproportionate impact to the stuff we've done so far.

So then you want to say, well, we want it to be planned, not just willy nilly. We want to be able to be sure about how to go forward. We want other people to respond — like processes to know what's going on. So once you say that, you then think, well, who, what when, the typical project questions. But I still think it's important to think, and I know you're saying who, Emma, but a little bit about, well, what have we learnt? What hasn't worked? What has? What are the failings to date? Why are people not that enamoured with the process to where we got and how can it then improve, and I feel that Jane's - we're focussing so much on criteria in this whole process that no one's actually having the discussion about what do we want in the program. I know we talked about design, but we're talking about attributes. I'm talking about really getting in and designing the nuts and bolts of a program.

MR THURLEY: If I could just make a very general remark, what doesn't work is a bunch of bureaucrats from Canberra turn up in a community and say they're listening and doing consultation, but what they're making is a presentation about how they're going about things, and there's very little - often this is one of the criticisms we would hear, "Yes, you came and told us all this stuff, but did you listen to what we told you?", and often - there are probably quite a few examples where it hasn't been clear that people have been listened to, and you have a discussion and then six months later a decision's made and it's like, "Well, where did that come from?".

So rather than turn up to big town hall meetings with hundreds of people, the first thing we need in the community is, I think is either said through the general managers of councils, and the councillors and the mayors. If you don't speak well on behalf of your community, well, you won't be in there, in this case in two years' time we have elections in New South Wales. You really do need to get out there and speak to the community, and the MDA is the vehicle where that happens, and we have councils from Balonne right through to the mouth of the Murray, and we hear from our members.

Now, there's certainly differences between those - well, you only have to read the last 100 years of the history of the Murray. People look from downstream look upstream and say, "What the hell are you doing with all our water?", and those upstream look downstream and say, "Why are you letting it just go out to sea?".

We've got to talk more and talk better to get people to understand, and there's still a lot of problems in getting people to realise why the plan's there and what it's meant to do, and why it's so necessary to do it. If you just look recently about calls to release

environmental water, yes, there are - you can see the reasons why people call, but is it the right thing to do and how do we get the community to really listen to the message and work out what is the best way to do it, and know that you've got to take some pain for some long-term gain.

MS BRADBURY: John, if I can just add to that also, I think we're right to be looking for what's worked, what hasn't, and in Renmark in 2017 at our National Conference there, Department of - sorry, I'm getting my state departments mixed up here, but the science project was presented, so that was a project that was delivered by the South Australian Government. I'd have to take it on notice, but I'd be happy to provide it. We jumped in as an organisation. Our members and our board was very keen to see a lot of the lessons learned through that project elevated to the national level. We felt that there was opportunity to for a lot of the process and the outcomes from that particular project to provide broader learnings across other jurisdictions.

Now, at the time I think it's fair to say that the politics and other elements across the Basin prevented a really tremendous good news story getting out there. We did a bit of work at the time with Ben Fee who was the project coordinator and did the presentation at the National Conference on that program, who went on to do some other international study work recognising that that program had in it elements of, you know, learnings for better way to do it next time.

So, you know, talking to that department they sort of recognised, "Look, there's some things we do differently, some things that wouldn't apply in other jurisdictions", but it was essentially a program that looked at water recovery where the first conversation was not at the program design level at Federal government or state government. The department went out to the community and said, "What does our program design need to look like? How would you - if you had leadership and carriage of this, how would you do it?", and the innovation and solutions that came up through that collaboration between state and community and local government and irrigation districts were involved as well because there was technical expertise, there was community expertise and there was farm-gate expertise, and it was driven by a philosophy of innovation rather than water recovery, and a lot of their outcomes were really quite exciting.

So I think there are programs and projects that have looked at - that have worked. I think there's other, you know, one of the other things that has worked is, we see a difference across the jurisdictions between those that have had stability within departments and that have cultures that are promulgated by that stability and then their capacity to design projects and design criteria around programs tends to reflect that, as does the community engagement and connection to their community. Third level of complexity of course is always the political - - -

COMMISSIONER MADDEN: No, I think that's an important point because you wouldn't want to look back on this and say, "Well, these communities were affected by lack of capability at one level", at a point in time, so I mean, these are the kind of discussions that should occur, but anyway. No, that's good, we'll have a look at that program.

MS BRADBURY: I think one of the other programs that's worth looking at is not necessarily for its direct application to the Basin Plan implementation, but the regional wellbeing survey has over time established a capacity to demonstrate that people who are engaged in the process are more likely to be, if not champions of, then willing participants in, you know, outcomes that they're seeking. So there are programs that have had successes.

COMMISSIONER DOOLAN: I think that's it from us so thank you very much.

COMMISSIONER MADDEN: Thank you .

MS BRADBURY: Thank you.

COMMISSIONER DOOLAN: Now, we actually have one more participant that will be another phone discussion. We've got the Wentworth Group of Concerned Scientists.

COMMISSIONER MADDEN: Okay, so maybe we'll actually ask if anyone else wants to - Jane, just on the floor?

COMMISSIONER DOOLAN: So whilst we're waiting, could we just get a sense, is there anybody else who might like to actually present or talk while we - - -

COMMISSIONER MADDEN: Or clarify any - if you can just state your name.

MR HOLDEN: Sorry, Jack Holden from Fonterra. One of the mechanisms that we talked about earlier this week in our road show around northern Victoria was on-farm efficiency with the sale of water but long-term lease back. Long-term lease back to the, you know, the original and that water is tagged and unable to go back to CEWH or anywhere else, you know, for a considerable period would be something worth workshopping. Plenty of hazards, plenty of risks but it might be a - one of the circuit breakers that we're looking for.

COMMISSIONER DOOLAN: They're the sort of options - what are the options sort of basically long-term lease of water (indistinct), or you know, some more (indistinct).

MR HOLDEN: Yes, so it might be used differently in a wet year and a dry year. It might, you know, it needs to be of a considerable period of time so we're, you know, we've actually restored adaptive capacity to make decisions at that point, you know, I mean, look, there's plenty of hazards. It's not a widely, you know, workshopped position certainly amongst our stakeholders, but you know, we need to push on, push on some sort of opportunities like that.

COMMISSIONER MADDEN: All right. Thank you. Okay, is anyone on the line there?

MS STEINFELD: Yes, Celine Steinfeld here from the Wentworth Group.

COMMISSIONER MADDEN: Do we have Terry there at all? Are you there, Terry? Evidently not. Celine, do you want to start or do you want us to wait for Terry?

MS STEINFELD: Probably wait for Terry if that's okay. I was talking to him before so he shouldn't be long.

MR HILLMAN: Hello.

COMMISSIONER DOOLAN: Hi Terry, it's Jane Doolan here, and John Madden.

MR HILLMAN: Giddy, Jane, how are you?

COMMISSIONER DOOLAN: I'm good. How are you?

MR HILLMAN: Good. Are you in Canberra or Melbourne?

COMMISSIONER DOOLAN: Canberra, so we're in full hearing mode here.

MR HILLMAN: Excellent.

COMMISSIONER DOOLAN: So you're on speaker and we do have an audience of observers as well, and transcript is being taken, so the transcript will be available in a couple of days for you to look at.

MR HILLMAN: Thank you.

COMMISSIONER DOOLAN: So you're also our last speakers for the Canberra hearing, but in fact for the series of hearings, so just to let you know we've been around the Basin, Mildura, Murray Bridge, Shepparton, Dubbo and we're finishing today. You're our final.

MR HILLMAN: Excellent.

COMMISSIONER DOOLAN: So can we take it over to you?

MR HILLMAN: Yes, okay. Is - - -

COMMISSIONER DOOLAN: Celine is on.

MS STEINFELD: Yes, I am here, sorry.

COMMISSIONER DOOLAN: Would you mind stating your names and also affiliation just for the record.

MR HILLMAN: Sure. Want to go first, Celine?

MS STEINFELD: You go, Terry.

MR HILLMAN: Okay. I'm Terry Hillman. I'm retired, but still work occasionally for Murray-Darling Basin Authority with some of the committees and I'm a member of the Wentworth Group of Concerned Scientists which as a group made submissions to the Commission.

MS STEINFELD: And I'm Celine Steinfeld. I am the policy analyst at the Wentworth Group and my role is supporting the water reform program that is led by the members.

COMMISSIONER DOOLAN: Okay. So if you wouldn't mind taking us through the key points you'd like to make, and then if you're comfortable we'll ask a few questions.

MR HILLMAN: Well, first of all, thank you for the opportunity for us to make our written submissions to the discussion. I think our submission was quite brief but fairly to the point. I've got my submissions for the Royal Commission.

COMMISSIONER DOOLAN: That's not us.

MR HILLMAN: No. While you're a commission but you may or may not be royal. So I think we by and large supported what the Commission had to say. I guess we'd probably like to talk a bit about how the SDLs are going and what that really means and the water resource plan process, et cetera. Interested in your take on the responsibilities of various components of the MDBA and the responsibility of the Commonwealth versus the state, but literally don't claim any expertise, probably have opinions. Do you have anything to add?

COMMISSIONER MADDEN: Well, we might start then with that opinion. Do you mind just to enable discussion, maybe making a comment then on the governance and those roles and then maybe making a comment on the SDLs and any concerns, and then we have questions after that.

COMMISSIONER DOOLAN: And timeframes, we have actually recommended where an outcome is important and at risk because of a deadline. We've recommended a process to extend deadlines to ensure good outcomes.

MR HILLMAN: Yes, I accept that. I think that's very true and it's been a bit the pattern of dealing with the Basin Plan from the beginning, a really short timeline. And also I guess the interdependency of various components in the (indistinct) of the development of the SDL. Okay, well, where, I mean, I'm having trouble speaking for the Wentworth Group as a whole because I came to this fairly late, but I'm personally not convinced that the MDBA is really a (indistinct) authority as much that could and possibly should. There seems to me to be a risk of finishing up with the railway gauge fallacy where every state's doing things differently to the cost of the outcome of the whole thing. So I would be concerned that the coordination role at the very least be emphasised.

COMMISSIONER DOOLAN: So I suppose, Terry, in the governance area, we've, in our draft recommendations make that - the MDBA's two clear roles and one is as the regulator and one is as the agent for states, and that actually both those roles are important because they are in conflict, so as a regulator you're marking your own homework.

MR HILLMAN: Indeed.

COMMISSIONER DOOLAN: When you're being the means by which states coordinate and deliver.

MR HILLMAN: Yes.

COMMISSIONER DOOLAN: So we've stated a strong preference for separation.

MR HILLMAN: You did. I noticed that, yes. Yes.

COMMISSIONER DOOLAN: And just wonder if there's any views that you might have on that.

MR HILLMAN: I don't - well, it's not within my expertise and certainly not within the expertise of the Wentworth Group either, so I think we'd have difficulty deciding where the dividing line should be for its broad function, and there seems to be also some value to it in the internal workings of the Authority being as well related as possible too, so if we were going to split it up I think it'd need a bit of work done to define where that line is going to go.

COMMISSIONER DOOLAN: We've got that, prepared that, and we're going to do a bit more work from the draft to its final form.

MR HILLMAN: Okay. That's good.

COMMISSIONER DOOLAN: Timeframes?

MR HILLMAN: Timeframes, very, very short, but I don't see how the SDL projects itself can be put in place by the required time, but it's not my problem I suppose.

COMMISSIONER DOOLAN: But important do you think that they be given time to actually be successful or - - -

MR HILLMAN: Absolutely. I think we've been bedevilled by lack of time all the way through, including things like the (indistinct) and so forth that would seem to me to be a very good model but which we haven't seen any on the ground application and trials of the models which you would normally think could be the next logical step that we (indistinct) and making sure we've got the conceptual models in place that allow it to be developed from that.

COMMISSIONER DOOLAN: So you're talking generally there or on the SDLs?

MR HILLMAN: Well, particularly on SDLs but I think it's symptomatic of the tight timelines and rushing at the end, the last date (indistinct) doing the end of the job as well as we could.

MS STEINFELD: To add to Terry's point, the timing is important just as much as the standard set for those projects, so in the case of the SDL development supply measures, extending the timeframe may not guarantee that those projects will be implemented to a standard that's critical to ensure that the Basin Plan outcomes are likely to be delivered, so it's I guess just as important in developing an alternative pathway to these projects or I guess strengthening the standards around them is to ensure that they are very clear and with recommended legislative changes to ensure that stakeholders and governments who have agreed on what the project standard is to be from the beginning. I know that there's been the phase 1, 2 and 3 that the (indistinct) have been put through and we are not satisfied that all of those standards have been achieved through the ones around (indistinct) and ensuring that risk is properly mitigated and in our submissions (indistinct) the conditions report we put in, suggested about the 12 conditions that we recommend applying to SDL projects to ensure that by 2024 those - there'll be clarity around the quality of those projects.

COMMISSIONER DOOLAN: So just to comment on that, who then makes the assessment against the standard under that model?

MS STEINFELD: We would - we'd recommend that the Murray-Darling Basin Authority assesses the projects against the standard and the authority has already done their own assessment of the SDL projects which was made publicly available earlier this year, and the standards that we specified, we've done it in a way to ensure that the MDBA is required to make information transparent and publicly available for - that stakeholders have trust that those projects are of sufficient quality.

COMMISSIONER DOOLAN: So again, and I think your submission indicated this is while that - for our perspective a good, well done project achieving its outcomes is a better outcome than its meeting deadline, but you do have to have - you do have to make sure you've got checks and balances along the way that lead - enable you to pick it out if it's failing along the way.

MS STEINFELD: Exactly, and upfront agreement on what those standards will be by 2024, and if everyone's in agreement those standards now are going to be a lot easier to bring everyone along to develop and bring those projects along to those standards because of the long (indistinct) times that it takes to properly address (indistinct).

COMMISSIONER DOOLAN: Okay, and so that's really in the next phase, gateway 2, probably, we need to be quite clear and transparent about how that operates and how it will operate going forward. Is that - - -

MS STEINFELD: Yes, certainly.

COMMISSIONER DOOLAN: You also had some recommendations about the toolkit and the governance of the toolkit. Do you want to elaborate on that?

MS STEINFELD: Well, Terry, do you want to do that?

MR HILLMAN: No, you can go first.

MS STEINFELD: The toolkit measures were a by-product of the northern Basin Review which is (indistinct) quite critical of, the final outcome, and one of the key reasons was that the toolkit encapsulated a bunch of measures that should be in place to ensure that the outcomes are guaranteed but there was no legislative guarantee that those toolkit measures would be delivered. So what we'd like to see in regards to the toolkit is permanent measures that have been legislated and we suggest, you know, clean water is (indistinct) planned to make sure that the assumptions that have been made in the models will be applied in practice and some of those relate to the coordination of requirements of watering and the (indistinct) water so it's very important that those toolkit measures (indistinct) to achieve the outcomes that were agreed (indistinct).

COMMISSIONER DOOLAN: And so I mean, we would agree that strong governance around transparency and public (indistinct), so I noticed you said legislated. Is it legislated or is it included in a statutory instrument in particular that you're looking for, like the water resource plan?

MS STEINFELD: Yes, I think the water resource plan is the obvious place for some of those rules, but perhaps not the only place for them. For example, there might need to be an arrangement for strategic entitlements, for example, but certainly for rules around the protection of environmental flows. It is critical that water resource plans contain those provisions.

COMMISSIONER DOOLAN: Yes, absolutely. I think there was just one other point I had and there was other points you want to make, but in your submissions you do talk about the Commission, our Commission potentially playing a strong role in encouraging states to address climate change. Now, for us I suppose that really is almost something to be considered in the 2026 review and perhaps greater planning for that review should be undertaken earlier. How do you feel - I mean, given that that is a concern of yours, how do you see that actually being incorporated now?

MR HILLMAN: Well, it may - it may take a change to how we quantify what we're doing in the sense that firstly environmental water and the productive diversions are defined in, volumetrically which means that any adaptation period of climate change will come out of the planned environmental water because that's all that's left and so in time we're probably going to have to come up with a better way of doing dividing up the water between the - - -

COMMISSIONER MADDEN: My only comment there is, that's not correct.

MR HILLMAN: That's a reasonable comment.

COMMISSIONER MADDEN: The entitlements are actually defined as a share of a consumptive pool, not as a volume.

MR HILLMAN: Are they?

COMMISSIONER MADDEN: Yes. So you have your baseline flows, et cetera, and then there's a consumptive pool left. Now, they're still tagged as megalitres and things like that, but fundamentally they're a share of the consumptive pool, not a volume.

MR HILLMAN: Right. Okay.

COMMISSIONER DOOLAN: Some systems that - - -

MS STEINFELD: (Indistinct) is that the - it's really a lot of the planned environmental water that's at risk in terms of climate change because it's not well-defined or quantified, and when entitlements are allocated and (indistinct) taken, if there's any climate change impact on the river system, you know, reducing flow, say, to the river system, but the balance is taken out of the planned environmental water pool, and there is some evidence, for example, the Murrumbidgee River could (indistinct) by the end of very dry periods, long droughts, that is actually the planned environmental water that can - that crashes and (indistinct) outflow at the end of the system.

COMMISSIONER DOOLAN: No, but certainly (indistinct) strategy in Victoria shows similar things. It's the spills and the high flows and a range of things that (indistinct) to go, but I suppose the question is adaptation, as you said, to the Basin Plan with the current settings, it's looking forward, how would you like to see climate change brought into those discussions? Is it through the 2026 review or is it again through adaptation? It's just getting an understanding of how you see those discussions coming into the implementation of the plan or the review of the plan.

MS STEINFELD: Yes, sure. Okay, so I think both of those things are important opportunities to take into account climate change, particularly with the (indistinct) the Basin Plan that climate change really needs to be front and centre of that review through active reassessment of SDLs and climate change projections and using new water sharing arrangements to enable the targets and objectives to be assessed within the envelope of projected water availability. So if that work is to be done, it would need preparation now to ensure that the modelling and climate scenarios for stream flow are available because the (indistinct) flow is only up to 2030, so, you know, work would be great immediately on preparation for that, and also (indistinct) climate change adaptation framework to much better understand the potential (indistinct), you know, whether extremes and long-term climate changes, and then climate change adaptation programs for the environmental assets and infrastructure will be developed to ensure that climate change has been considered and every effort is made by the government for the Basin water management in the next decade or more.

COMMISSIONER DOOLAN: So, just again, given our (indistinct) of the Basin Plan, certainly jurisdictions are undertaking a lot of the work themselves but it's actually how it comes into the Basin Plan, but the point really is, in preparation for the 2026 review, and I think we've tried to cover this but we might need to expand on it in the monitoring and evaluation chapter. It's not just about thinking back. We're got to be looking forward to what other information needs to be taken into account in 2026 and to make sure that that's being collected or undertaken now in preparation.

MR HILLMAN: Yes, (indistinct words).

COMMISSIONER MADDEN: So just a clarification, not a clarification, but is it the long-term environmental watering plans that should consider those things or asset plans within the Basin Plan construct? I'm just wondering what the best place to feed that kind of planning into.

MS STEINFELD: Yes, well, it's - in my view it should start at the beginning in terms of establishing the objectives for Basin planning and that feeds down then through the environmental watering plan and (indistinct) watering strategy and then to the catchment watering strategy, and then also a few of the SDLs (indistinct) piece of policy.

COMMISSIONER DOOLAN: But it is - also it's very much (indistinct), isn't it? When you said look at the environmental targets and in the envelope of water availability that is really done at a local scale and then the outcomes of that (indistinct) as well, don't they?

MS STEINFELD: Yes. Yes.

COMMISSIONER DOOLAN: Okay. All right. Thank you. That's it for us. Have you got any other points that you might want to make?

MS STEINFELD: I would like to just reiterate (indistinct) mention in the draft report the importance of addressing constraints.

COMMISSIONER DOOLAN: Yes.

MS STEINFELD: Given that constraints are environmentally an important part of the Basin Plan in ensuring that the water that's recovered can, you know, make the most of ecological benefits. We've looked at the various constraints proposal and are - and we think that they fall far short of what is required to actually - that the MDBA has (indistinct) standard so (indistinct) South Australian water and we think that there needs to be a much more - many more incentives to ensure that they will (indistinct) those constraints (indistinct words).

COMMISSIONER DOOLAN: Okay, and given that again that moves to a timeline question as well.

COMMISSIONER MADDEN: And a modelling question that we have actually articulated about that being transparent and public.

MS STEINFELD: Yes, and also the - those incentives which are only \$200 million have been put aside for constraints, as opposed to (indistinct words). I know that constraints are (indistinct words), but it's, I guess it's just really important there are enough incentives and also perhaps (indistinct) to have the - trying to make sure that (indistinct) to ensure that, you know, the kind of system and all the way up to the (indistinct).

COMMISSIONER DOOLAN: All right. Well, thank you for that. There's no further comments? Thank you. Very excellent, and that being the last speaker I'll call one more time, are there any people in the audience who would like to actually make a final comment? Okay.

Well, that concludes today's scheduled proceedings and in fact our series of hearings completely. I adjourn these proceedings and basically from now we will be refining our report, as we said, on the basis of the feedback on submissions and from these hearings and from the stakeholder feedback that we have and we'll be basically handing it to government before Christmas.

So can I thank you very much for your attendance, for your interest and for your input. It is highly valued by the Commission and it is really taken seriously and used. Thank you very much.

We adjourn the proceedings.

MATTER ADJOURNED