



National  
Irrigators'  
Council

Submission in response to:  
Productivity Commission  
draft five year review of the  
Murray Darling Basin Plan

18 Sep 2018

**Steve Whan**

CEO, National Irrigators Council

[ceo@irrigators.org.au](mailto:ceo@irrigators.org.au)



## Contents

Introduction .....	2
Chapter 3 — Recovering water for the environment .....	3
Chapter 4 — Supply measures and Toolkit.....	7
Chapter 5 — Efficiency measures .....	9
Chapter 6 — Water resource planning .....	14
Chapter 7 — Indigenous values and uses .....	15
Chapter 8 — Water quality .....	16
Chapter 9 — Critical human water needs.....	17
Chapter 10 — Water trading rules .....	17
Chapter 11 — Environmental water planning and management.....	19
Chapter 12 — Compliance .....	23
Chapter 13 — Reporting, monitoring and evaluation .....	24
Chapter 14 — Institutions and governance .....	26



## Introduction

The National Irrigators Council (NIC) broadly welcomes the draft findings and recommendations of the Productivity Commission's five year review of the Murray Darling Basin Plan. Our comments on the draft findings should be read in conjunction with our [original submission to the enquiry, which is available on the NIC web site](#).

We note in particular the positive progress so far highlighted in the report on the implementation of the Basin Plan. The summary comment that the Plan has made "significant practical progress" is welcome and entirely appropriate.

Notwithstanding the many challenges to come, it is right to make the point that for such a comprehensive, complex and controversial task, the achievement so far is impressive.

NIC welcomes the fact that the report confirms that achievements are being realised in relation to water recovery, and with early environmental benefits. We also strongly welcome the recognition of the impact on communities due to the implementation of the Plan so far, and the need to appropriately estimate and deal with flow on impacts in future work.

The report provides a timely call to consider whether or not the very complex remaining tasks are on track. NIC supports the draft report's focus on the ability to meet certain tasks within the specified time frames. That concern is reflected in draft recommendations on the Sustainable Diversion Limit (SDL) Adjustment Measures projects, the Water Resources Plans and efficiency projects.

NIC's strong view is that these tasks should be done well, not rushed to meet deadlines set six years ago without the full knowledge and appreciation of what would be involved. At the same time, we strongly emphasise the need for Government to properly resource the remaining tasks; and critically, the need to resource the proactive engagement with communities and interest groups.

NIC's only proviso on the proposal to extend time frames is that it would be unacceptable to extend the timeframe of the efficiency measures without also extending the supply measures deadline (if the 605GL is not reached by 2024).

In contrast to those who view getting a headline takes precedence over getting results, NIC does not see the findings of this draft report as indicating failure or imminent disaster for the Plan. We see the draft report as a timely wakeup call that the remaining tasks are extremely difficult and will require maximum engagement and commitment from everyone with an interest in the health of the Murray Darling Basin and social and economic wellbeing of Basin communities reflected in the broader objectives of the Basin Plan.

NIC welcomes the focus on the need for maximum flexibility and consultation in implementing the 36 Sustainable Diversion Limit Adjustment Measures projects. These projects must achieve the environmental benefits intended; if not, we risk more water being taken out of productive use.



We also cautiously welcome the recommendations relating to the 450GL of so called ‘up-water’, which is to be obtained via efficiency projects that come with either positive or at least no negative socio-economic impacts.

In responding to the draft report, we are pleased to provide comment on relevant draft findings and to respond to the draft recommendations. NIC is happy to discuss any of these issues further.

### **Chapter 3 — Recovering water for the environment**

NIC welcomes the appropriately positive picture painted in the draft report on progress towards achieving water recovery goals. It is important to take an overall look at this progress, given that water recovery towards the Basin Plan started well before the Plan was put in place and has included recovery through a variety of means.

We note in particular that the quantities mentioned are held water; that means real water which is being used for environmental flows and to achieve real environmental outcomes already.

NIC also welcomes the discussion in the report on the need to address the extent of over-recovery and provide some guidance on how that will be dealt with. We note also the strong focus on ensuring that environmental water recovery is appropriately focused and targeted to achieving genuine outcomes. This is particularly relevant when discussing the 450GL of efficiency savings intended to achieve additional environmental outcomes. Further comment on specific findings and recommendations below:

#### ***DRAFT RECOMMENDATION 3.1***

***Once Water Resource Plans are finalised in July 2019, the Murray Darling Basin Authority should assess and determine the extent of over recovery.***

***Basin Governments should then agree to a policy and timeframe to address any over recovery where it has occurred.***

#### **3.1: AGREE this is a high priority to provide certainty to water users and affected valleys**

There does need be clarity on who has responsibility for dealing with over recovery. In the past the NIC has experienced some degree of buck passing on this between State and Federal authorities.

#### ***DRAFT RECOMMENDATION 3.2***

***The Department of Agriculture and Water Resources should ensure that water recovery aligns with environmental requirements and its processes for doing this are transparent.***

***To ensure accountability, it should publish all advice provided by the Commonwealth Environmental Water Holder (including advice on strategic purchases) once transactions are***



*complete.*

## 3.2 AGREE

### **DRAFT FINDING 3.3**

***The Department of Agriculture and Water Resources has accounted for the impacts of improving irrigation efficiency on return flows in some major water recovery projects, but has not systematically accounted for these impacts in all water recovery programs.***

***The overall impact of improved irrigation efficiency on water resources is not precisely known. The Murray Darling Basin Authority (as Basin Plan Regulator) is responsible for determining this risk to Sustainable Diversion Limits.***

NIC welcomes the consideration of issues around efficiency programs and claims made in the media and in some submissions about their impacts on return flows. In particular we note and agree with the comments made on analysis of return flow impacts from efficiency projects.

The Commission has correctly rejected exaggerated arguments about return flows. Those arguments which suggest that no 'real' water has been recovered make generic assumptions for all water recovered through efficiency failing to differentiate between differing projects, regions and destinations for previous return flows.

In particular, NIC would point out that a return flow analysis of efficiency work is fundamentally flawed if it makes a Basin wide calculation or broad conclusion without differentiating:

- different types of efficiency projects;
- the region, scheme or soil type the scheme takes place in;
- whether the program is on or off farm; or
- if it draws on international examples of programs which did not return water to the environment.

On that basis we strongly agree with the Commission's conclusion relating to claims of 'no real' water being recovered that "there is no evidence it is in the range suggested." NIC is however comfortable with draft finding 3.3 because we don't believe systematic accounting will in any way jeopardise the water recovery achieved. In assessing return flows it is also important to include the positive impact reducing some forms of return flows has on salt mobilisation.

## **3.3 AGREE: noting that the evidence disproves claims made by some academics in the media about efficiency programs having no benefit for the environment.**

### **DRAFT FINDING 3.4**

***The size and speed of water purchases has had negative impacts on some regional communities.***



***Recovering water through infrastructure modernisation has partially offset pressure for structural adjustment in some communities, but at a significant cost to taxpayers.***

***However, higher water prices, water trade, and other ongoing pressures for change in the agriculture sector mean that some structural change is inevitable.***

NIC broadly agrees with finding 3.4, although we would prefer the finding to more explicitly acknowledge the very differing impacts of buyback and efficiency. Rather than concluding that “recovering water through infrastructure modernisation has partially offset pressure for structural adjustment in some communities”, NIC would instead suggest: “socio-economic studies have shown that buyback of water causes much greater socio-economic loss to directly affected communities than recovery via efficiency measures. Although the cost to taxpayers is higher from recovery via infrastructure improvement the flow on impacts to communities are much more positive, potentially eliminating or ameliorating the need for structural adjustment assistance.”

We note in this section’s discussion, acknowledgement of the trend in trade of water from the upper Goulburn to lower Murray and its potential negative impact for the district that loses the production. It is hard to see how this is exacerbated, or facilitated, by infrastructure modernisation. It is more likely it would be ameliorated by modernisation as it would mean greater productivity in the region. However, it is pleasing to see the draft report giving an explicit acknowledgement of the potential negative impacts of reduced delivery volume on the viability of infrastructure operators and remaining water users. This is a key point that must be considered in any future on farm programs.

It is recognised that there is other structural adjustment occurring in rural communities and within agriculture and that assessment needs to differentiate to the extent possible, however there is also a strong argument that the Basin Plan change adds to and makes that overall change even more difficult for some communities. If we are in a situation where Government is seeking to assist communities with structural change then it needs to look at the whole picture and tailor programs to take into account the prior and concurrent change.

If the Government is to make structural adjustment programs available (which are different to efficiency programs for irrigation) they must be directed at specific communities funding projects that provide real economic returns for the area in the long term.

#### **DRAFT FINDING 3.5**

***The Department of Agriculture and Water Resources has not always demonstrated that water recovery has been cost effective in meeting its goal of mitigating adjustment pressures while sourcing water entitlements. It has:***

- ***not systematically released information for strategic water purchases acquired by direct negotiation***
- ***paid a substantial premium above market prices to recover water through infrastructure modernisation***



- ***not undertaken a comprehensive assessment of benefits and costs of these approaches.***

NIC disagrees with the Commission's comment in this section suggesting there has not been substantiation that infrastructure projects help sustain regional communities. The Commission has noted the work undertaken by the MDBA on socio-economic impact. NIC contends this clearly demonstrates the much better socio-economic impact for communities from water recovered via efficiency versus buyback.

This broader community impact work has clearly shown differences in impacts of the Basin Plan between communities that have had substantial quantities of water recovered through buyback (examples being the Wakool area and Dirranbandi) and those where recovery has taken place via efficiency programs such as Qld Border Rivers. NIC suggests that the draft commentary under the heading "what benefits are genuinely additional" should take more account of the evidence clearly available from the MDBA's work.

Specifically on draft finding 3.5, dot point two, does not adequately recognise that water recovery takes place in a market and that the market is quite different depending on the location and the amount of prior recovery. It is logical to expect that the cost of water is going to increase as willing sellers diminish and that it will be more expensive in some areas.

On dot point three, NIC again suggests there is clear evidence of the negative flow on impact for communities from buyback, and resultant loss of production. This is well proven.

### ***DRAFT RECOMMENDATION 3.3***

***If provided, the Australian Government should target any further assistance to communities where substantial adverse impacts from water recovery have been identified. This should:***

- ***have clear objectives and selection criteria***
- ***be subject to monitoring and evaluation.***

***Any support for regional development should align with the Productivity Commission's strategies for transition and development, set out in its report on Transitioning Regional Economies.***

Feedback from NIC members who live in the impacted communities would tend to agree with the finding made at 3.6. Structural adjustment funding available in the early buyback part of the lead up to the Basin Plan was almost non-existent, and where it was later made available, it would be difficult to prove its effectiveness..

NIC makes the strong point that our members and their communities would prefer that in the continuing implementation of the Basin Plan, the commitment to "no negative impacts" will be kept and that there would be no need for separate structural adjustment funding to address new programs. It is important to note however, that in some areas, earlier damage to regional economies has not been adequately rectified and there is an existing need for that to be addressed.



We however, support in-principle draft recommendation 3.3 but add that should structural adjustment assistance be necessary (we would hope it would not be) then it must be designed in collaboration with communities to suit their needs rather than be a model imposed from above.

### **3.3 SUPPORT in principle, but query whether all effort will be made to avoid negative impacts that require such programs**

## **Chapter 4 — Supply measures and Toolkit**

As NIC outlined in our initial submission to the Commission, the supply measures are a critical component of the Basin Plan. If successfully implemented, these measures promise better environmental outcomes along with better economic and social outcomes. At the time of our original submission there was still some doubt over the overall 605GL figure for equivalent benefit with Parliamentary consideration of the issue still to occur.

It was critical to the future of the Basin Plan that this overall figure be upheld and the agreement between the Government and Opposition was a very welcome development.

Focus now must turn to actual implementation and as we argued in our initial submission, that must take place with genuine community and stakeholder engagement and with maximum adaptability of the projects.

NIC strongly shares the Commission's concern regarding the risks to these projects being delivered. As pointed out in our earlier submission, the projects are being delivered by Governments but the risk largely lies with irrigators and Basin communities.

### **DRAFT FINDING 4.1**

***It is likely that some key projects in the approved supply package will not be fully operational in 2024.***

- ***They are behind schedule and the timeframe for implementation has been compressed due to delays in developing the projects.***
- ***They are still in an early stage of development.***
- ***History has shown that these types of projects are complex, interdependent and require extensive consultation to implement.***
- ***A range of issues still need to be resolved between Governments before these projects can proceed. These include project risk sharing, monitoring, governance and funding.***

NIC does not disagree with finding 4.1 on supply projects. We have consistently argued that Governments must genuinely engage with communities and all interested parties with adequate resources and with maximum flexibility to get these underway.

We strongly endorse the points made in Chapter 4.3 about improving implementation. In particular talking about meaningful engagement with communities and local planning. These mirror points we raised in our submission and are critical to ongoing success.



We do have a concern regarding the more recent decision to tie federal funding for these projects to progress on efficiency measures for the 'up-water' component of the Plan. It is vital this does not become counter-productive, which it will, if it prevents state governments proceeding with planning and consultation for supply projects.

#### **DRAFT RECOMMENDATION 4.1**

***Basin Governments must resolve governance and funding issues for supply measures. They should develop an integrated plan for delivering supply projects to improve understanding and management of interdependencies within the package of supply projects within 12 months.***

#### **4.1 AGREED, with some additional points.**

NIC agrees with this recommendation but it is critical that it is read with the broader commentary in the report about community engagement. NIC does not doubt the commitment of state and federal Governments to these projects. However, we are concerned that if Government fails to make timely allocation of resources and put the necessary effort into planning, then irrigators and regional communities will be left facing a loss of productive water as a result of failure to achieve the 605GL target. The Commission might consider whether recommendations in this area should be broadened to ensure that Government decisions to make funding for supply measures dependent on progress on efficiency measures, do not hamper the capacity to get supply projects underway.

It is imperative these issues are resolved, in the absence of robust governance and planning and the past record of poor transparency community concerns about projects are growing. Government when they finally are in a position to properly consult and plan these projects will be disadvantaged presenting significant risks to the potential success of projects.

#### **DRAFT RECOMMENDATION 4.2**

***Basin Governments should extend the 30 June 2024 deadline for supply measures to be operational where it would allow projects that offer value for money to be retained and their full benefits to be delivered within credible timeframes.***

#### **4.2 STRONGLY AGREE**

NIC notes that value for money but also consider the ramifications of further buy back on communities.

#### **DRAFT RECOMMENDATION 4.3**

***The Murray Darling Basin Authority (as Basin Plan Regulator) must devise a strategy for undertaking the reconciliation of supply measures against environmental equivalence. This strategy should include an adaptive management approach to assessing reasonable progress to enable projects to be delivered in realistic timeframes.***

#### **4.3 AGREE**

#### **DRAFT RECOMMENDATION 4.4**



***The Department of Agriculture and Water Resources should establish a review process to determine if projects offer value for money and to determine credible timelines before final funding is approved.***

#### **4.4 AGREE in principle but with additional comment**

We agree in principle but note that the burden of any failure to meet the projected target falls on irrigators and communities. We strongly suggest on that basis that these projects should not be allowed to fall short because of capped funding or an arbitrary decision about what is a reasonable price to pay for recovered water. In other words, a value for money determination should take into account the serious impacts of failure on communities, productivity and the environment. It may therefore be necessary to outlay funds that are well over what might otherwise be considered to be ‘value’ for a megalitre of water.

It also needs to be recognised that some of the projects for example Rules changes are at no cost. How are these projects to be considered in an assessment of value for money. In addition, the MDBA have previously emphasised that the projects are a collective package with interactions between projects, therefore making an individual project assessment more difficult.

#### **DRAFT RECOMMENDATION 4.5**

***Northern Basin Governments should put in place transparent and accountable governance arrangements for implementing the Northern Basin Toolkit. These arrangements should include:***

- ***a mechanism to establish clear milestones to ensure the Toolkit measures are implemented within reasonable timeframes***
- ***an independent assessment by the Murray Darling Basin Authority, as Basin Plan Regulator, of progress and effectiveness in implementing the measures.***

#### **4.5 AGREE: strongly support effective implementation of toolkit measures**

As NIC has frequently advocated, irrigators are very keen to see the Northern Basin toolkit measures implemented. In this regard, we refer the Commission to the suite of measures highlighted in NIC’s earlier submission and noted as ‘complementary’ measures. NIC and our members believe these types of measures have the potential to significantly improve environmental outcomes right throughout the Basin. We also suggest a far greater focus on these types of measures in the Southern Basin as well.

There must be recognition that improving river health is about more than just flow. This concept must be maintained and we support measures to ensure that the toolkit is implemented and monitored.

## **Chapter 5 — Efficiency measures**

In general, NIC supports the thrust of the conclusions and recommendations in Chapter 5. The efficiency measures component of the Basin Plan remains controversial in some areas.



NIC has taken the view that in our support for the Basin Plan, as a whole, that also includes being willing to work with Government to achieve the 450GL of efficiency measures as long as that genuinely comes, as promised, with improved or at least no negative impact on communities.

For that reason our initial submission did focus strongly on the need for a wider socio-economic impact test. Over the intervening period, we were pleased that the former Minister agreed to develop an enhanced test for on farm works and pursue initially, off-farm projects in NSW and Victoria.

In our view, these issues remain a significant concern. Despite some positive progress we are concerned about these projects and the prospects of success. As such we support the theme of some of the Commission's conclusions.

We have some concern about how state governments will engage and whether the burden will fall in an equitable manner. For example, there appears to be little indication that South Australia is open to pursuing savings from Adelaide, something that was a key part of the Ernst & Young recommendations.

The draft report also highlights the need to be effective in targeting measures to achieve the 'Schedule 5' enhanced environmental outcomes. NIC notes that Schedule 5 includes descriptions of outcomes but that there is an assumption that it is only increased flow that will achieve these. NIC suggests (and elements of the draft report back this up) that some simply will not be achieved by increased flow, no matter how much there is.

Irrigators are willing to work with Government on the 450GL of efficiency measures but Governments and advocates for these outcomes must be willing to examine all options to see whether other measures, including engineering solutions and changes to the lower lakes, might produce better results.

The report makes a very valid point about how water recovered in systems only marginally connected to, or disconnected from, the River Murray in South Australia, can contribute to meeting South Australian flow targets outlined in Schedule 5. This acknowledgement by the Commission is refreshing. Again, it appears that this issue is being avoided by even the strongest advocates of the enhanced outcomes.

As a final general point, NIC welcomes the Commission advocating the taking of a long and overdue, serious look at the practicality of delivering targeted flows. Relaxation of constraints is practically difficult, and even with the best will in the world, we don't know exactly what will ultimately be physically possible and what risk management arrangements in order to gain community support.

#### **DRAFT FINDING 5.1**

***The current test of neutral or improved socioeconomic outcomes (based on voluntary participation in infrastructure projects) does not fully address stakeholder concerns about impacts of additional water recovery on regional communities.***



***However, addressing these concerns by requiring efficiency projects to have no adverse impacts is impractical, and risks ruling out projects that achieve the outcomes at least cost.***

***Potential adverse impacts of further water recovery would be better addressed through program design, including close consultation with water users and irrigation infrastructure operators.***

NIC welcomes the finding in the body of the draft report that “Governments recovering additional water solely in accordance with the legal requirement of the Basin Plan will not address these [broader impact] concerns”.

We also note the comment that a no negative impact test is “simply unworkable”.

NIC agrees with the comment in the chapter that: “In the Commission’s view, any potentially significant adverse impacts of further water recovery are better addressed through program design. This would involve Governments or delivery partners clearly identifying upfront the likely magnitude and nature of impacts from water recovery (which will likely vary by region). Then (if warranted), Governments should devise options for mitigating those impacts, in consultation with local communities and industry (water users and irrigation infrastructure operators).” As argued in our submission, the key here is to design programs with the community, accounting for and reflecting specific community needs, focusing first on all off-farm options.

NIC agrees in part with the finding but does note that the commitment to “no negative impact” was very clearly made when the Basin Plan was put in place. Nevertheless we welcome the endorsement of the concerns of many irrigation groups and communities regarding a single property test and the clear indication that flow on impacts must be considered.

NIC argues that Governments instead of just focussing on irrigation infrastructure operations for off farm efficiencies need to consider opportunities to improve river operations.

#### **DRAFT FINDING 5.2**

***Current progress in implementing efficiency measures provides little confidence that the enhanced environmental outcomes of the Basin Plan will be achieved by 2024 or on budget.***

***There has been no update to the modelling to estimate what environmental benefits can be realistically achieved, given proposed projects to ease or remove constraints are unlikely to achieve the anticipated flow rates at key sites or be fully operational by 2024.***

***Basin Governments have not yet agreed on an efficiency measures work plan to recover 450 GL by 2024, including how major socioeconomic impacts will be addressed.***

***Despite this, the Australian Government is rolling out a water recovery program Basin wide, which risks recovering water in the northern Basin that may not be useful to achieving the enhanced environmental outcomes in the southern Basin.***



***There is a material risk that recovering 450 GL could be significantly more expensive than anticipated. The benefits and costs of the program as a whole have not been assessed (and there is no requirement to do so).***

Draft finding 5.2 brings out some serious practical concerns about achieving 450GL of efficiency measures. NIC has no disagreement with the points made and recognises they present a real challenge.

#### **DRAFT RECOMMENDATION 5.1**

***The Murray Darling Basin Authority should immediately update and publish its modelling to establish the environmental benefits of additional water recovery with the current proposals for easing or removing constraints.***

#### **5.1 SUPPORTED**

Implicit in this recommendation should be clarity on current versus easing or constraints.

#### **DRAFT RECOMMENDATION 5.2**

***The Department of Agriculture and Water Resources should release a new strategy for recovering the additional 450 GL in a no regrets fashion in early 2019. No regrets water recovery requires that:***

- ***the strategy should plan for a range of scenarios for constraint easing or removing and costs, and evolve as new information becomes available***
- ***water recovery should align with progress in easing or removing constraints***
- ***the volume, type and location of water recovered should clearly contribute to achieving the enhanced environmental outcomes in Schedule 5 of the Basin Plan***
- ***alternative water products (such as leases and options) should be considered where capable of meeting enhanced environmental outcomes at a lower cost than the permanent recovery of entitlements***
- ***program design and implementation should explicitly consider potential socioeconomic impacts and include mitigation strategies. This should include close engagement with affected communities and industries***
- ***prices paid for water (per ML and total expenditure) should be within predetermined benchmarks. Where they exceed this benchmark, projects should be subject to independent scrutiny and the reasons made publicly available.***

NIC welcomes the comments included on page 144 noting the need for additional impact test criteria, regional engagement with community and industry, adaptive management and phased implementation over time.

In some respects it would be easy for irrigators to resist the recommendations to extend the time frame for this program, from the perspective of knowing that potentially limited time and money might mean only a portion of the 450GL is recovered.



It is important to point out, however, that we could not support any proposal for an extension of the time available for recovery of the 450GL if the 605GL of supply measures are either not fully implemented or their recovery date is not also extended.

We seek to engage in good faith, in the Plan as a whole including the 450GL efficiency target. It will however, require all Basin Governments to make serious decisions about whether it is an “at any cost” target. We would also advocate a serious look at whether increased flow targets are really the most effective solution to the environmental objectives for the lower lakes and the Coorong.

## **5.2 AGREE in part**

We agree with dot points one, two and three - though noting that narrowing the location of water recovery will put more burden on some communities closer to South Australia and that it is critical that the South Australian Government recognise, that as a major water user, Adelaide must play its part.

Point four on potential to use of alternative water products such as leases and options raises some potential concerns. More information is needed about what type of products might be used in this process, and how. We would be opposed to anything that became a de facto buyback.

NIC strongly agrees that program design and implementation must explicitly consider potential impacts and should include close engagement with affected communities and industries. This is critical and the process must be resourced adequately and quickly by Government. Mitigation strategies are also important as part of a program design but we would be concerned if mitigation strategies became (ineffective) structural adjustment funding.

The final dot point on prices paid for water is also supported in principle. However, it is to be expected that prices will increase significantly, as the easy gains have already been made. There needs to be clear scope for above market prices to be paid, where that comes with a much more focused impact on the Schedule 5 targets and no impact of reducing production. For example, the potential to recover water from Adelaide was flagged in the Ernst and Young report. It would clearly come at a very high cost, but it would also have a much more direct impact on achieving the objectives and without reducing South Australia’s capacity to produce the food and wine that generates so many local jobs.

## **DRAFT RECOMMENDATION 5.3**

***The Water Minister should direct the independent review of the Water for the Environment Special Account scheduled for 2021 to review the benefits and costs of pursuing the enhanced environmental outcomes in Schedule 5. This should include:***

- ***identifying what enhanced environmental outcomes can be achieved, given progress in easing or removing constraints, and how much environmental water would be required to do so***
- ***the benefits and costs of other approaches to achieving those environmental outcomes.***



***The Australian Government should use this information to determine how to proceed with water recovery in a way that maximises net benefits to the community, or whether to pursue the enhanced environmental outcomes through other means.***

### **5.3: STRONGLY AGREE**

We agree in particular with dot point two. It is important that there is proper consideration of whether the environmental outcomes can be achieved through non-flow measures. That might include further engineering works for key areas in South Australia including in the lower lakes. It might also include the complementary measures advocated by NIC that could bring significant improvements in river environments not achieved by fast flowing cold water.

## **Chapter 6 — Water resource planning**

### **DRAFT RECOMMENDATION 6.1**

***Basin Governments should immediately negotiate a pathway for granting extensions to the timelines for accrediting Water Resource Plans where there are outstanding issues to give sufficient time for adequate community engagement.***

***Extensions should only be given in limited circumstances, particularly where there are material impacts that require negotiation of substantive changes to state based water management rules.***

### **6.1 SUPPORT limited extension of time for WRPs**

NIC was among many organisations to express concern about the likelihood of completion of Water Resource Plans (WRPs) by the 30 June 2019 deadline. We therefore support draft recommendation 6.1. In supporting the recommendation, we do note the commentary in the draft report, which would make the extension quite limited.

Clearly, we want to see quality plans that are tailored to the catchments they cover and the key to that is ensuring that the States responsible provide an appropriate level of resources to undertake quality consultation and produce well considered plans.

It is suggested that a recommendation be added which focuses on the need for adequate resources including, in particular, staff to get the job done. It is noted that over recent months NSW, in particular, has undertaken substantial engagement with a view to getting plans in place but concerns remain.

The process and the timeframe means that in developing the WRP the outcomes from all sources of environmental water may not be optimised.

### **DRAFT RECOMMENDATION 6.2**

***In the next 12 months, the Murray Darling Basin Authority (as Basin Plan Regulator) should:***

- ***clarify what Basin States are required to self-report annually to show compliance with Water Resource Plan obligations***
- ***articulate the compliance assessment regime relevant to Water Resource Plan obligations***



- ***develop guidance and consult on how it proposes to assess future amendments to Water Resource Plans by Basin States.***

## **6.2 AGREE in principle with proviso that consultation is required.**

NIC has been exposed to the MDBA's preliminary consideration of its compliance framework. Further information is required on the reasonable excuse provisions and also consideration of where there is variability in annual water use and how the assessment process deals with this. For example a valley may be within the long term plan limit but exceed the annual limit, triggering a compliance action. In valleys where there is significant annual variability in water use, past experience with compliance with the Cap on diversions is both credits and debits have accumulated. The assessment process needs to have a mechanism for testing for 'false' breaches. Compliance will be tested against a modelled volume, which has inherent errors in particular consideration of irrigators' behaviour which may result in reduced water use in one year and higher water use in another.

### **DRAFT RECOMMENDATION 6.3**

***The Murray Darling Basin Authority (as Basin Plan Regulator) in consultation with Basin Governments should develop a detailed terms of reference to assess the effectiveness and efficiency of Water Resource Plans in preparation for the five yearly evaluation in 2020.***

***This evaluation should enable an assessment of the utility of Water Resource Plans for delivering on the objectives and outcomes of the Basin Plan.***

## **6.3 AGREE noting that WRPs are expected to be in place for 10 years**

## **Chapter 7 — Indigenous values and uses**

NIC has consistently made it clear that our objective is to see a Basin Plan in place which meets the triple bottom line promised by the Plan's framers. This includes a healthy environment, healthy communities and a continuing capacity to produce food and fibre for the nation.

Our desire for healthy communities includes indigenous communities and we recognise legitimate aspirations from the Basin's indigenous communities.

We are keen to engage in the work to develop and implement the cultural flows project. We agree with the tenor of findings in this chapter and welcome the positive approach the Commission has taken in this report and in the prior NWI report on working to engage indigenous communities.

### **DRAFT FINDING 7.2**



*In addition to the development of Water Resource Plans, Basin Governments have developed a range of tools and processes to support the recognition of cultural values and uses in state water planning and environmental management and planning.*

*The Australian Government has committed \$40 million to administer a program to support Indigenous investment in cultural and economic water entitlements in the Basin. The objectives and principles guiding the implementation of this program have not yet been articulated. It is unclear why this funding is limited to Indigenous communities in the Basin, rather than being available to all Indigenous communities in Australia.*

We note draft finding 7.2 and will leave it to indigenous groups to respond specifically but note that the \$40 million provided by Government was in the context of an agreement on the Northern Basin particularly. NIC is happy to work with communities on the Cultural Flows project and would anticipate that as this develops more Government funding is likely to be required.

## **Chapter 8 — Water quality**

Water quality is vitally important to irrigators as well as to communities.

It is important to note the great progress that has been made on salinity in the Basin as a result of more efficient irrigation and salinity schemes running over recent decades. Irrigators have played an important role in significantly reducing the mobilisation of salt previously caused by overwatering and rising water tables.

Overall, the Commission's findings on water quality are very positive and they show again that that the Basin Plan is achieving many of its objectives already.

The discussion in the report of the salt export objective is particularly relevant. Table 8.2 shows that the export objective has not been met even in years with very high flows. This suggests it is not realistic. On that basis the finding in 8.1 is very relevant and should be taken seriously.

### **DRAFT RECOMMENDATION 8.1**

*The Murray Darling Basin Authority should review the Basin Plan salt export objective in its 2020 review of salinity and water quality targets. This review should consider:*

- *the relationship between the salt export objective and site specific salinity targets that require a higher prioritisation to meet water quality objectives*
- *whether the objective should be respecified or abolished.*

### **8.1 SUPPORT for consistent and realistic salinity objectives.**

NIC strongly supports draft recommendation 8.1 noting in particular the consideration in the draft report of inherent conflict between site specific salinity targets and the salt export objective.



## **DRAFT FINDING 8.2**

***In the Lower Darling, the management of water quality during periods of low flow is of concern. The development of the Water Quality Management Plan for the New South Wales Murray and Lower Darling Water Resource Plan is the process to resolve this concern.***

NIC notes the legitimate concerns of Lower Darling water users reflected in draft finding 8.2. We note the comment that the WRP is the mechanism to address this, but also believes it is reasonable to expect that in planning for the Menindee Lakes reconfiguration, the provision and operational rules relating to low flows in the lower Darling should be a key consideration.

## **Chapter 9 — Critical human water needs**

NIC does not have comment in relation to this chapter, beyond agreeing that priority should be given to Critical Human Water Needs in water planning. We welcome the conclusion that existing provisions are ‘robust’. Our comment on draft finding 9.2 regarding the Lower Darling is the same as our comment at 8.2.

NIC supports the planning requirements for Critical Human Water needs being included in the WRP providing clarity to water users on the priorities and mechanisms during extreme events.

## **Chapter 10 – Water trading rules**

The system of ownership of water is the backbone of the Murray Darling Basin Plan and in general, the system works well to provide the opportunity for water available for extraction to go toward growing the crop that provides the water owner with the best return.

Of course, the ability to trade water and the rising price of water does cause concern to some areas, and we do tend at times, to see some things blamed on the Basin Plan which are actually the natural result of having a water market.

It is welcome that the draft report does seem to appropriately focus on aspects of operation of the market rather than taking up some of the more populist and inaccurate commentary that we see in some media about the market.

This is summarised by the comment that “these trade reforms have enabled water to move to higher value uses and given water users greater flexibility to respond to changes in commodity prices and water availability”.

## **DRAFT RECOMMENDATION 10.1**

***The Murray Darling Basin Authority (as Basin Plan Regulator) should:***

- ***develop and publish an assessment framework for evaluating the consistency of trade restrictions against the Basin Plan trading rules, which gives guidance about how to estimate the costs and benefits of removing trade restrictions***



- *specify the timeframes that it will endeavour to meet in resolving trading rule compliance matters*
- *notify Basin States whether the ten unresolved matters raised with them amount to non-compliance and what action is required by Basin States to resolve them*
- *publish the reasons given by Basin States for restrictions on surface water trade*
- *publish its compliance determinations and the assessments that support each determination.*

## **10.1 SUPPORT work to provide more information on water market issues.**

### **DRAFT FINDING 10.2**

***New information and reporting requirements specified under the Basin Plan trading rules are largely in place.***

NIC notes draft finding 10.2 and suggests this finding is somewhat over optimistic. The information and reporting on trades are still difficult to follow and there are still quite big differences in processing times. NIC would welcome a continuing focus on bringing the standard of information closer to the sort of performance we see with the ASX.

The number of zero trades reported on the annual market is high; regulators need to consider mechanisms to limit circumstances where a zero value trade is reported. Price and volume are important information to the effective operation of the market.

### **DRAFT FINDING 10.3**

***Growth of trade has increased demands on delivery capacity and put pressure on delivery constraints in some parts of the Basin. A range of community members are concerned about the effects on third parties and the environment.***

***Basin States and the Murray Darling Basin Authority are aware of this strategic policy issue, but the process to resolve it is unclear.***

The section in the report on emerging risks from more open trade is very relevant. NIC and a number of other organisations have raised issues about the impact of delivery constraints on the ability to trade water. In particular, we remain concerned about whether delivery constraints will affect the reliability of supply to existing users if there continue to be significant new developments in the lower parts of the Murray.

Our focus on this is the very practical and physical constraints on delivery and we are not arguing for restrictions that might act as barriers to trade for the purposes of protecting particular areas or artificially keeping prices down.

The Commission's comment that 'trade restrictions may not be the best policy response' is noted. It is the role of the MDBA to confirm the validity of trade restrictions or limits. Trade restrictions apply for both deliverability and resource reliability reasons, which are quite different reasons. Irrigators are using trade to manage their annual allocation water



demand between years. It is this trade, leaving large volumes of undelivered water in IVT accounts which impacts on third parties.

In relation to deliverability it is critical that in the first instance we are getting a clear idea of delivery constraints and the way that new development and transfers might be changing their impact and also the impacts on river losses and the riparian zone.

NIC notes that two of its members, in recognition of separation of land and water and potential for significant shifts in water use within their networks have developed access to flow share based on delivery rights held. This policy provide irrigators with a clear policy signal and in event of restricts prevents irrigators with no delivery right reducing another irrigators access to flow share.

In addition the current policy framework provides no link between land development and access to river channel capacity.

On this basis we strongly support the recommendation below.

#### **DRAFT RECOMMENDATION 10.2**

***Basin Governments should set and publish a work plan within the next 12 months that describes how delivery capacity and constraint issues associated with changes in water use and trade will be investigated and managed. The work plan should specify responsibilities, timeframes and how this information will be communicated to the water market.***

***Basin Governments should assign the Murray Darling Basin Authority (as an agent of governments) responsibility for identifying and managing risks related to changes in water use and trade in connected systems.***

**10.2 STRONGLY SUPPORT work on delivery capacity and constraint issues and consideration of the most appropriate policy mechanism to manage the risk of deliverability.**

The need to consider this issue extends beyond the River Murray system and the MDBA.. The recommendation needs to inclusive of WaterNSW and Goulburn Murray Water.

## **Chapter 11 — Environmental water planning and management**

NIC made a number of key points in its submission around the importance of community engagement and ‘localism’ in environmental water planning. We are pleased to see the strength of the draft recommendations and finding in acknowledging the need for this engagement. We acknowledge the risk outlined in draft finding 11.1 of not completing the Pre-requisite Policy Measures. Clearly if they were to not be implemented it would have a major impact, but the risk of that happening seems relatively low. We note, but have no specific comment on, findings 11.2 and 11.3.

We are pleased to see the strength of the acknowledgement in this chapter that achieving environmental outcomes requires more than just water. We would hope that all Basin



Governments and interest groups will take seriously the very real risk of failing to achieve the best possible environmental improvement if we fail to implement complementary measures that deliver environmental and habitat improvement of our river system.

#### **DRAFT RECOMMENDATION 11.1**

***The Murray Darling Basin Authority, when developing the next five year Basin wide environmental watering strategy in 2019, should strengthen its value as the key strategic plan governing environmental watering across the Basin by:***

- ***including a clear objective to ‘maximise environmental outcomes through effective and efficient environmental water management’***
- ***including a secondary objective that environmental watering should seek to achieve social or cultural outcomes, to the extent that environmental outcomes are not compromised***
- ***providing clear guidance, under all water availability scenarios, on the relative priority of key Basin environmental assets (including instream assets) to achieving the overall environmental objectives of the Basin Plan and the expected outcomes set out in the strategy***
- ***providing clear guidance, under all water availability scenarios, on the priority for achieving flow connectivity at the system scale relative to watering within an individual Water Resource Plan Area.***

#### **11.1 AGREE on importance of maximising the outcomes achieved by environmental watering.**

NIC supports the development of environmental watering objectives that ensure environmental water managers have the same incentive to maximise the use of their water that irrigators have, and that also seek to achieve (without diminishing environmental outcomes) outcomes for the community including for indigenous communities.

NIC would like to see further emphasis on the need for ground up knowledge to inform decision making and priorities, to ensure that community engagement is core to the process and not an afterthought.

#### **DRAFT RECOMMENDATION 11.2**

***Following the publication of the 2019 Basin wide environmental watering strategy (BWEWS), the Murray Darling Basin Authority (MDBA) should provide clear guidance material to Basin States on the expected content of long term watering plans (LTWPs) when they are revised. This guidance material should include the need for LTWPs to articulate:***

- ***realistic long term objectives to be achieved from the available environmental water portfolio through watering activities within current operational constraints***
- ***environmental watering requirements in the catchment including the required magnitude, timing and frequency of watering for priority assets, ecosystem functions and system connectivity***
- ***the relative priority of assets within the catchment for achieving the objectives of the Basin Plan and the expected outcomes of the BWEWS***
- ***the risks to the achievement of the long term watering objectives.***



*The MDBA should seek the strategic input of asset managers and environmental water holders and managers when preparing this guidance material to ensure that the utility of LTWPs for environmental water decision making can be improved over time.*

*To improve the accessibility of information, the MDBA should maintain a register of LTWPs on its website, including relevant deadlines, progress towards completion, final documents when they are completed, and the status of each plan as they are reviewed and adapted over time.*

## **11.2 SUPPORT the articulation of clearer guidance on long term watering plans**

### **DRAFT RECOMMENDATION 11.3**

*The Basin Plan should be amended to remove the requirement for the Murray Darling Basin Authority to produce Basin annual environmental watering priorities.*

## **11.3 SUPPORT the recommendation to remove the requirement for annual priorities.**

NIC notes draft recommendation 11.3 and the reasoning outlined in draft finding 11.4 suggesting that the role envisaged for the annual priorities has been taken over by other planning.

### **DRAFT RECOMMENDATION 11.4**

*By 2020, Basin Governments should:*

- *agree to formalise the role of the Southern Connected Basin Environmental Watering Committee as the mechanism for intergovernmental coordination for environmental watering. Governance arrangements including terms of reference, membership and reporting responsibilities should be established*
- *establish a Northern Connected Basin Environmental Watering Committee as a mechanism for intergovernmental coordination for planning and coordinating connected environmental watering events in the northern Basin.*

## **11.4 SUPPORT**

### **DRAFT RECOMMENDATION 11.5**

*Where not yet in place, the Commonwealth Environmental Water Holder (CEWH) should set out the processes it will use to consult and coordinate with key stakeholders to make event based watering decisions — including water managers, asset managers and other environmental water holders.*

*These processes should be in place and documented in the CEWH's 2019 20 annual portfolio management plans.*

## **11.5 SUPPORT. NIC strongly supports extensive consultation on watering decisions**

This is in recognition that on some occasion's events might require quick decisions to take advantage of natural opportunities.



#### **DRAFT RECOMMENDATION 11.6**

*Before the first revision of long term watering plans, Basin States and environmental asset managers should have processes to engage with local communities and Traditional Owners. These activities should identify opportunities to achieve social or cultural outcomes with environmental water, while ensuring environmental outcomes are not compromised.*

#### **11.6 STRONGLY SUPPORT consultation and engagement with communities and traditional owners on watering.**

This has been a key point made by the NIC in a number of submissions and we welcome this draft recommendation.

#### **DRAFT RECOMMENDATION 11.7**

*Basin States should manage the risks to achieving the environmental watering objectives set out in long term watering plans by delivering complementary waterway and natural resource management measures (such as habitat restoration or weed and pest control).*

#### **11.7 SUPPORT with the proviso that this recommendation on complementary measures is strengthened.**

Draft recommendation 11.7 goes to the heart of the flaw in the Basin Plan that sees flow indicators being the proxy for environmental outcomes. While we agree with this recommendation we would like to see it strengthened with emphasis, not just on state governments delivering complementary measures, but on these measures being included in the rest of the delivery of the Basin Plan.

They are now included in the Northern Basin but suggest there should be scope for inclusion and consideration as part of the 450GL 'up-water' component of the Plan. Perhaps there is opportunity to examine other measures that could assist the South Australian flood plains targeted in the 'schedule 5' outcomes for example, or additional environmental works that would be more effective in improving the Coorong.

NIC continues to believe that without a full range of complementary measures for the Southern and Northern Basin, including addressing cold water pollution, fish migration, feral pest control and other measures, then comprehensive environmental benefits will not be derived.

In the medium term it could be that the delivery of complementary measures across the Basin, may require additional expenditure (outside the programs already funded), but the investment is essential to maximise environmental outcomes from the available environmental water pool



## Chapter 12 — Compliance

NIC and other industry stakeholders dealt extensively with our support for stringent compliance regimes in our submissions. Over the past twelve months these industry bodies have worked constructively with State and Federal authorities to ensure that we have a system which is workable, ensures theft is caught and prosecuted and provides the community with confidence in the system.

Again, we reiterate that the vast majority of irrigators do the right thing. There is no justification for the type of comments that tarnish all irrigators or where ridiculous generalisations are made such as ‘corporate irrigators stealing South Australia’s water’. . This report’s balanced and practical approach is appreciated as is the inclusion of the evidence from those who actually know.

There have been a large range of actions and measures to build appropriate compliance regimes and it is appropriate that the draft report has noted many of those, but without adding further layers to an already extensive range of actions and reform.

NIC has no comment on draft finding 12.1 and we would agree that the finding in 12.2 that “compliance reforms by Basin State Governments are a step forward in improving water take compliance regimes.” NIC welcomes the recognition in the report, not only of the substantial work that has been done, but also the acknowledgment that irrigators support strong compliance and that non-compliant irrigators are a small minority.

NIC welcomes the adoption of our recommendation relating to the Australian Standard for meters. This is practical recommendation designed to strengthen metering by ensuring manufacturers are able to offer the market meters that meet an Australian or appropriate international standard.

### **DRAFT RECOMMENDATION 12.1**

***As a transitional measure, the Murray Darling Basin Authority should house its Sustainable Diversion Limit and Water Resource Plan compliance functions within the Office of Compliance, before its compliance role comes into full effect in July 2019.***

### **12.1 NIC has no objection to draft recommendation on organisational arrangements within the MDBA.**

The Productivity Commission has appropriately outlined the substantial activity to improve compliance over the past year. Irrigators have worked with Government and various inquiries on this and continue to do so

### **DRAFT RECOMMENDATION 12.2**



***Basin States should consider the role, costs and benefits of consistent metering policies including the role of metering standards.***

***Basin Governments should work with Standards Australia to formally revise standards to ensure quality and cost effectiveness in water measurement.***

***The new metering implementation plans being developed by Basin States should be supported by publicly available business cases.***

## **12.2 STRONGLY SUPPORT recommendations on metering standards.**

### **DRAFT RECOMMENDATION 12.3**

***Enforcement of illegal water take is the responsibility of Basin States.***

***The Murray Darling Basin Authority (MDBA) should publicly report instances where Basin States are not effectively responding to concerns of illegal water take.***

***In instances where public reporting is ineffective, the MDBA should use system wide enforcement levers such as Sustainable Diversion Limit accounting compliance mechanisms to enforce limits on water take.***

## **12.3 AGREE in principle but additional information needed.**

NIC agrees that enforcement is the responsibility of Basin States and we acknowledge the important role of the MDBA. We would like further explanation of what might be intended with the third paragraph of the recommendation.

NIC assumes this recommendation proposes the MDBA restrict take where reporting is ineffective, if this is the case this action will impact on irrigators where the failing is the Basin States. NIC would argue the state, organisation or individual responsible should be penalised not an entire valley.

## **Chapter 13 — Reporting, monitoring and evaluation**

The need for a clear monitoring and evaluation framework for the Basin Plan is a critical part of judging progress and success in the medium to longer term. NIC agrees that at times there has been a lack of clarity about what the measures of success are.

In that respect we agree with most of the findings made in this chapter and the recommendations arising.

In particular we highlight the content of “Box 13.3” Key evaluation questions which make it clear that success of the plan means appropriate outcomes across the ‘triple bottom line’. Economic and community impact is as important as environmental outcomes.

As a general point on measuring environmental results, we again emphasise that we must measure and observe outcomes not just flow measures.



We endorse draft finding 13.1 on the need for strong reporting frameworks and agree with 13.2 pointing to a lack of clarity in evaluation frameworks and coordination. On that basis we also agree with draft recommendations 13.1, 13.2 and 13.3.

#### **DRAFT RECOMMENDATION 13.1**

*Given deficiencies in past agreements, for any future intergovernmental agreements relating to the implementation of the Basin Plan, the Australian Government should ensure:*

- *the roles of the Australian Government and Basin States are clearly identified*
- *specific performance milestones are identified, and that clear responsibility is assigned for the delivery of each milestone*
- *where milestones are linked to payments, that these payments are disaggregated with a payment per milestone to provide a genuine incentive for implementation*
- *reporting on the progress of Basin Governments in meeting milestones is timely*
- *independent assessment of the progress of Basin Governments is undertaken*
- *advice provided by relevant agencies, such as the Murray Darling Basin Authority or the Commonwealth Environmental Water Holder, that is used to inform assessments of progress is published in full.*

#### **13.1 NIC has no objection to draft recommendation on intergovernmental agreements.**

The detail of the agreements and requirements should be publically available, so stakeholders are aware of the requirements and understand the ramifications.

#### **DRAFT RECOMMENDATION 13.2**

*The Murray-Darling Basin Authority (as Basin Plan Regulator) should develop a revised Basin Plan evaluation framework. This framework should define the specific questions that are to be used to evaluate the outcomes and effectiveness of the Plan, and the scales and times at which these questions will be answered. The framework should be made publicly available, and be published no later than 2019.*

#### **13.2 SUPPORT publication of revised Basin Plan evaluation framework in 2019**

#### **DRAFT RECOMMENDATION 13.3**

*Basin Governments should develop a Basin Plan monitoring and evaluation strategy to implement the evaluation framework. This should describe the process by which the information needed to answer the evaluation questions set out in the framework will be collected. This includes:*

- *outlining what information will be collected and by whom*
- *identifying any information gaps, who will be responsible for addressing them and the process by which they will be addressed*
- *establishing the arrangements for sharing the costs of monitoring and evaluating the Plan between Basin Governments.*

*This implementation strategy should be developed by Basin Governments, supported by the Murray Darling Basin Authority (as the agent of governments).*



*The strategy should be made publicly available and be published no later than 2019.*

**13.3 SUPPORT the draft recommendation on monitoring and evaluation strategy, noting that MDBA will need to be appropriately resourced to undertake work no later than 2019.**

## **Chapter 14 — Institutions and governance**

Perhaps some of the most challenging aspects of this draft report come in this section. In particular, NIC recognises the clear call for much greater cooperation and commitment from Basin Governments to work together on implementing the Basin Plan.

No doubt Australians, along with Basin residents, would expect that to be the case – though they would also expect their Governments to stand up for their needs!

It is very relevant to highlight the shortcomings of the current relationships and responsibilities. As we come particularly to implementing the supply projects, a failure to work together could well sink any prospect of achieving the desired outcomes.

NIC agrees therefore that the objective outlined in this chapter of reforming the institutional and governance arrangements, is very worthwhile. It is also ambitious.

The Plan has been controversial and politically difficult. In recent years some participants have thought the Plan useful as a political platform during the lead up to state and federal elections, sometimes seeing benefit in highlighting interstate conflict and blame-shifting.

But at its core, the Basin Plan was an historic bipartisan agreement by the Federal Government which five state or territory governments signed on to. NIC would hope that the spirit of bipartisanship has the capacity to overcome the potential divisions and assist with implementing the recommendations in this chapter.

### **DRAFT RECOMMENDATION 14.1**

***Basin Governments should demonstrate strategic leadership, take joint responsibility and direct the implementation of the Basin Plan.***

***The Murray-Darling Basin (MDB) Ministerial Council should collaborate to provide the strategic leadership and policy direction required to implement the Plan, and be ultimately accountable for implementation.***

***The MDB Ministerial Council should reform the institutional and governance arrangements for implementing the Basin Plan by:***

- enhancing the role of and delegating accountability for implementation to the Basin Officials Committee (BOC). BOC should be responsible for managing the significant risks to successful implementation and ensuring effective intergovernmental collaboration***
- ensuring that formal directions to BOC regarding implementation are publicly available***
- ensuring that arrangements to assess progress, evaluate outcomes, and ensure compliance with the Plan are fully independent***



- *recognising that the Murray Darling Basin Authority will continue to be key to driving collaboration between and providing technical support to Basin Governments as they implement the Plan*
- *ensuring that Basin Governments are individually and collectively resourced to perform their roles to implement the Plan.*

#### **14.1 SUPPORT the revision of Basin Plan governance to enhance collaboration**

NIC agrees with draft recommendation 14.1. We recognise however that the Basin Plan has been controversial and politically difficult over a long period of time and that makes this recommendation quite ambitious. Ideally, we would encourage Governments to work far better together, avoid pre-election point scoring and adequately resource all the programs needed to complete implementation of the Plan.

We look forward to seeing how this can be achieved and certainly see this as being one of the key recommendations from this review.

NIC would welcome the opportunity to explore how this could work to improve the effectiveness of Basin Plan implementation.

An additional point on the recommendation is that if the Basin Officials Committee have an enhanced role in implementation of the Plan then it also needs to become accessible to stakeholders with engagement in higher levels of direct consultation.

It is unclear how the Governance around the BOC all of whom are agents of their employer would operate in practice.

Again NIC would welcome the opportunity to explore how this implementation could be implemented.

#### **DRAFT RECOMMENDATION 14.2**

*Basin Governments should agree to the restructure of the Murray Darling Basin Authority to separate its service delivery and regulatory functions into two institutions.*

*The Australian Government should then embark on the necessary institutional reforms to establish the:*

- *Murray-Darling Basin Corporation — as the agent of Basin Governments*
- *Basin Plan Regulator — an independent Commonwealth Statutory Authority.*

*These institutional reforms should be in place by 2021.*

#### **14.2 IN PRINCIPLE SUPPORT for future re-structure of MDBA**

NIC can see the logic of draft recommendation 14.2 and the need to separate roles is an issue we also have thought may be necessary. This should not be seen as a criticism of the MDBA significant effort. Irrigators certainly have not supported everything the MDBA has



done - nor would we expect that. But looking objectively at the performance of the MDBA as an independent body, it is fair to say they have done a difficult job quite well but there is room to consider improvement in the future.

NIC would want to consider how this recommendation would work in practice.

#### **DRAFT RECOMMENDATION 14.3**

*To enable it to carry out its enhanced role, by 2020 the Basin Officials Committee should:*

- *comprehensively review the capability and the resourcing it requires to jointly implement the Plan*
- *agree on the capability and services Basin Governments require of the Murray Darling Basin Corporation to support them to implement the Plan and for shared water resource management*
- *establish new arrangements and processes to support ongoing intergovernmental collaboration.*

#### **14.3 Conditional, in-principle support for BOC enhanced role**

NIC would support in-principle this decision with the proviso that if the Basin Officials Committee is to become a more active day to day part of implementing the Basin Plan then it also needs to become more accessible to stakeholders.

(refer above comment)

#### **DRAFT RECOMMENDATION 14.4**

*As a transitional measure, and before the Murray Darling Basin Authority's compliance role comes into full effect in July 2019, the Office of Compliance should be broadened to be the Office of the Basin Plan Regulator, and include compliance and evaluation functions.*

#### **14.4 NIC has no objection to transitional changes to MDBA**

#### **DRAFT RECOMMENDATION 14.5**

*In establishing the Basin Plan Regulator by 2021, the Australian Government should ensure that it will be effective, including by reviewing the skills mix of the statutory appointments and establishing a statement of expectations.*

#### **14.4 SUPPORT achieving appropriate mix of appointments subject to more information**

NIC would in principle, agree with 14.5 although the recommendation could provide more information about what that skills mix should include.