

The Productivity Commission
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By email to basin.plan@pc.gov.au

9th October 2018

I appreciate the opportunity to comment on the Productivity Commission's Draft Recommendations on Environmental Water Planning & Management

My comments are mostly on the Overview Chapter 11.

I support many of the report's recommendations but believe there are some significant omissions. I am concerned about some of the recommendations on environmental water planning and management, which fail to take into account the impact of an adjusted SDL on environmental watering objectives, particularly for floodplain areas.

- There is no recognition that an adjusted SDL will not meet Basin Plan environmental objectives – let alone social and cultural objectives.
- There is no discussion of meeting international commitments.
- There is no discussion of constraints projects becoming supply measures (ie the relationship of constraints projects to upwater and downwater)
- There is no discussion regarding the relationship between constraints measures and environmental water.
- There is no recommendation relating to PPM implementation (piggy-backing irrigation and environmental water, e-flow returns.)
- The relationship between LTWPs and WRPs is not recognised.

These issues are further discussed below.

I totally agree with the PC's criticism of Basin Governments' lack of commitment to the Basin Plan as a whole, particularly the statement *'management of the basin is prone to poor credibility created by decades of States promoting their own interest in negotiations and a recent history of over promise in commitments on the Plan'*. I agree that 'the MDB Ministerial Council must set a much clearer tone of firm commitment *to the Basin itself, not just to their own patch*, with unmistakable collective direction for delivering on commitment'. **I recommend that draft recommendation 14.1 be strengthened to encourage Basin States to act in the wider public interest.**

I also agree with many of the PCs findings on PPMs, water resource plans, supply projects, efficiency and constraints measure and share your concerns about the need for all projects to be completed in a transparent, accountable manner, on time and within budget. Current shortcomings should not be used as an excuse not to recover water for the environment.

The PC does not include buyback as a water recovery tool in its 'no regrets' approach to upwater recovery (recommendation 5.2), despite outlining the need for a 'coherent water recovery strategy' that demonstrates how socio-economic impacts will be mitigated. This is a surprising statement

given that the PC has in the past been a strong proponent for buyback as an equitable and efficient response to water recovery (Productivity Commission (2017) *Draft Report on National Water Reform* - p423). Including buyback as a tool would take a lot of pressure off the 2024 deadline for water recovery, and relieve budget pressures. It would therefore be appropriate for the PC to **recommend the 1500GL cap on buyback be lifted to enable the achievement of water recovery targets and SDLs as soon as possible.**

There seems to be some confusion regarding the water recovery target post SDL adjustment. The PC states that the 'Australian Government is required to recover 2075 GL of surface water and 40.4 GL of groundwater by 1 July 2019.' My understanding is that the Australian Government is required to recover 2137 GL of surface water by 1 July 2019. This figure includes the 62GL to be recovered through efficiency measures and is required to meet Basin Plan requirement to limit SDL adjustment to 5% of the overall SDL.

The 450GL of upwater is an essential part of the Plan and critical to achieving the enhanced environmental outcomes. There is no doubt that constraints management projects are complex but they are essential to realising the benefits of upwater and many of them are also supply projects, further contributing to the outcomes of other supply projects. They are an essential part of the 605 GL offset package and are therefore too important to be lost or delayed. To exclude the 62 GL from the water recovery target is misleading and reinforces the perception that the upwater is *additional* to Basin Plan requirements rather than an essential and integral part of the plan. **I strongly recommend that all references to a 2075GL water recovery target be changed to 2137 GL.**

There is a need for all supply measures to be rigorously assessed. I support the 12 criteria for approval described by the Wentworth Group of Concerned Scientists (2018) *Requirements of SDL adjustment projects to ensure they are consistent with the Water Act 2007, Basin Plan 2012, MDBA policies and intergovernmental agreements* and **recommend that they be written in to the Commonwealth Water Act to ensure the projects actually provide equivalent environmental outcomes and meet appropriate governance and risk management standards as well as delivering value for money.**

I support recommendations 4.1, 4.3 and 4.4 that resolve outstanding issues and improve the rigour of assessment of all proposed supply projects. However, I do not support recommendation 4.2 on extending the timeline for supply projects. A 12 year timeline simply does not seem credible. Governments have known of the risks / challenges since the Martin and Turner (2015) *SDL Adjustment Stocktake Report*. If existing issues cannot be resolved over 5 years, the project/s must be fundamentally flawed and should be rejected.

Recommendation 3.1 is focused on (so called) over-recovery. There is considerable uncertainty about the supply projects and the final volume of offsets that can be achieved. **I recommend that consideration of over-recovery be delayed until after the 2024 reconciliation when the actual contribution of supply projects will be known.**

I agree with recommendation 3.3 that the overall impact of improved irrigation efficiency on water resources is not precisely known. Many experts including Grafton and Williams (2018) are concerned that reductions in return flows due to both on and off-farm irrigation efficiency projects have not been accurately calculated, so environmental water recovery to date has likely been over-estimated. I believe that the PC should **recommend an audit of environmental water savings to date to ensure that all water recovered has been accurately calculated.**

I support recommendation 3.5 on the lack of value in strategic water purchases and the premium

paid for water recovery through infrastructure projects. This should logically lead to two **recommendations that**
(a) buyback be reinstated as a means of equitable and efficient water recovery; and
(b) that the 1500 GL cap on buybacks be lifted.

The draft document acknowledges that PPMs were included in SDL modelling and this allowed for a higher SDL to be set. The PPMs enable more efficient use of e-water than would be the case without eg piggy-backing e-water on irrigation and / or pre-irrigation releases. However, the draft does not acknowledge that if PPMs are *not* implemented, the SDLs will have to be recalculated. Therefore **a recommendation relating to the implementation of PPMs is required.**

My reading is that the recommendations emphasise prioritising environmental assets, connectivity and maximising environmental outcomes while expecting to do so under existing constraints. There is not enough e-water in the system to do this and, in my opinion, it will require active management of e-water AND consumptive water to achieve environmental outcomes even after all constraints have been addressed.

Recommendation 11.1 indicates that next 5 year Basin Wide Env Watering Strategy (BWEWS) will give guidance on priorities to achieve Basin Plan environmental objectives. **I recommend 11.1 be amended to include meeting international commitments.**

This recommendation (11.1) is focused on the strategic nature of the Basin-wide Environmental Watering Strategy and states the ‘secondary objective that environmental watering should seek to achieve social or cultural outcomes’.

While I support the intent of this recommendation, there is not enough water in the system to achieve social and cultural outcomes. The appalling state of the Darling River below Bourke was the obvious result of over allocation, over extraction and the new (post WSP gazettal) rules in the Barwon-Darling WSP. While there were environmental benefits – and much was learned - from this event - water from the e-water holdings in the Border Rivers and Gwydir systems was required to make a flow through to the Lower Darling possible. The total flow volume was much less than the volume needed to achieve real and lasting social and cultural outcomes, especially for indigenous communities and landholders on the mid and lower reaches of the Darling itself. **I recommend that the document makes is clear that more water will be required to meet social and cultural outcomes.**

The PC fails to recognise the relationship between Long-term Watering Plans, Water Resource Plans. And the MDBA's accreditation process. Recommendation 11.2 states ‘realistic long-term objectives to be achieved from the available environmental water portfolio through watering activities within current operational constraints’. This statement does not recognise the inadequacy of the adjusted SDL to meet the key objectives and contradicts other recommendations regarding the achievement of Basin Plan environmental objectives.

The document should discuss the relationship of the shared volume of SDL in each water source, how this relates to achieving connectivity, the degree to which this volume has been reduced by the SDL adjustment mechanism and details regarding how the MDBA will ensure consistency of LTWPs across state boundaries.

I don't support recommendation 1.3 to remove MDBA annual watering priorities and suggest that it be strengthened to ensure coordination and close collaboration with e-water managers. The goal should be to have annual watering priorities set out in rolling 3 year plans for each WRP area; and to be working towards achieving the outcomes of the Basin Wide Environmental Watering Strategy.

I strongly recommend the Southern Connected Basin EWC be formalised ASAP and the formation (and formalising) of a Northern Basin Environmental Watering Committee.

Environmental Watering Advisory Groups have proven time and again their value to the delivery and outcomes of e-water in NSW valleys. I further **recommend the formation of valley scale EWAGs so that the CEWH can engage directly with regional community stakeholders and consult in the most meaningful way possible regarding the timing and targets for e-water use.**

I *do not* support the recommendation to remove a salt export target – it is not so long ago that salinity was the key strategic issue in the MDB. It hasn't gone away and will resurface in the future. **I recommend that the salt export target remain in the document, and that a process be put in place to establish a committee to assist in achieving objectives for salinity, the Coorong, Lower Lakes and the Murray Mouth.**

I'm disappointed by the lack of specific recommendations for meaningful engagement with Traditional Owners, particularly on WRPs and supply projects. While there is some overlap between environmental water and cultural water, they are not the same, not interchangeable and one cannot and should not replace the other. As previously mentioned, the adjusted SDL cannot meet social and cultural outcomes and these should not over-ride environmental priorities.

The “toolkit measures” have been widely welcomed but there is a lack of certainty re how these will be funded. There is a need for **recommendation 11.7 to require that Basin jurisdictions commit to adequate funding to natural resource management programs to allow for the implementation of appropriate tool kit measures.**

In my opinion, taken together these issues strengthen the argument to pause the Basin Plan/WRPs to get it done right and to deliver the best value for taxpayers money that is possible.

Thank you for the opportunity to comment. I look forward to the final report.

Yours sincerely