



**RICEGROWERS' ASSOCIATION  
OF AUSTRALIA INC**

# **SUBMISSION TO THE PRODUCTIVITY COMMISSION**

**Murray-Darling Basin Plan: Five-year  
Assessment – Draft report**

*October 2018*

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## 1. INTRODUCTION

The Ricegrowers' Association of Australia (RGA) welcomes the opportunity to provide our submission response to the Productivity Commission's Murray-Darling Basin Plan: Five-year Assessment Draft Report.

## 2. THE RICEGROWERS' ASSOCIATION OF AUSTRALIA

The RGA is the collective voice of rice growers in Australia. The RGA represents the interests of around 1200 voluntary members. The main objective of the RGA is to provide members with strong and effective representation on issues affecting the viability of their businesses, their communities and their industry.

The RGA is made up of eight branches located across the Riverina rice growing regions of NSW and Victoria. Each branch annually elects representatives to form the RGA Central Executive. The Central Executive represents their respective branches in determining RGA policy and projects.

The RGA is a member of the National Farmers' Federation, National Irrigators' Council and NSW Irrigators' Council.

### 3. THE AUSTRALIAN RICE INDUSTRY

The Australian rice industry is located predominantly within the Riverina region of south-west NSW, with two small industries also situated in the Northern Rivers region of north NSW and in Northern Queensland.

The Australian rice industry is reliant upon irrigation, mainly sourced from the Murray and Murrumbidgee valleys. Provided water is available, the Australian rice industry is considered one of the world's most successful, delivering significant yields while leading the world in water use efficiency.



In a typical year the Australian rice industry produces around eight hundred thousand tonnes of paddy rice with a farm gate value of around \$350 million. About 80% of this product is exported. With value adding, the total industry worth is well over \$1 billion each year. It can be further argued that the full economic potential of the Australian rice industry has not yet been realised with rice being excluded from three recent free trade agreements: Japan, China and North Korea. These markets represent significant potential for the Australian rice.

The rice industry is a significant economic contributor to the Riverina region of NSW. The towns of Griffith, Leeton, Coleambally, Finley, Jerilderie, Deniliquin, Wakool and Moulamein are highly dependent on rice production for their social and economic wellbeing. Additionally, rice growers have individually invested over \$2.5 billion in land, water, plant and equipment and collectively invested around \$400 million in mill storage and infrastructure through SunRice.

While the NSW rice industry is very small by world standards, it remains a competitive supplier of premium rice products into world markets.

### 4. THE RGA'S POSITION

The below outlines RGA's responses to the Productivity Commissions findings and recommendation.

## 4.1. Chapter 3 - Recovering water for the environment

### 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.

#### RGA's Response

The RGA supports draft recommendation 3.1 and the National Farmer Federations response to this recommendation.

The RGA believes that where it is found that water has been over-recovered, then it is critical that this water be returned to the consumptive pool. This water represents a significant opportunity cost in lost agricultural production, which is important for many communities whose social and economic welfare is subject to agricultural production.

The development of the policy for returning over-recovered water should occur as soon as possible, and should be developed in consultation with impacted stakeholders.

### 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.

#### RGA's Response

The RGA supports draft recommendation 3.2. Demonstrating the value of environmental water is important for the broader community understanding and valuing the Murray Darling Basin Plan and the environmental watering programs.

### 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.

#### RGA's Response

Under the current Water Sharing Plan rules for the NSW Murray and Murrumbidgee valleys have accumulated large cap and Baseline Diversion Limit (BDL) credits<sup>1</sup>. Noting that the gap between the BDL and SDL has effectively been recovered, and there has been significant improvements in the efficiency of irrigation operations, then the RGA believes that if the same or similar water sharing rules continue to be applied, then it is highly likely that we will again accrue significant credits (subject to weather and available resource).

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<sup>1</sup> <https://www.mdba.gov.au/sites/default/files/pubs/cap-register-2016-17.pdf> - see table 6: Cumulative Cap Credits

Going forward the Basin Plan requires that the Water Resource Plan include methods (often hydrological models) to determine the annual permitted take for each valley.<sup>2</sup> This method will allow for the MDBA to conduct a SDL compliance test annually by comparing the actual take to the permitted take and therefore determine the annual differences which accumulate over time.

In particular this method will include a mechanism to reduce the level of take in a valley if the actual level of take exceeds the permitted level of take (subject to reasonable excuse provisions). In the event that this occurs, then the mechanism will result in a reduction to water allocations for that valley.

However there is no requirement for a reverse mechanism, i.e. a mechanism that will increase the level of take if the permitted level of take continues to exceed the actual level of take – and consequently a SDL credit develops.

The RGA therefore argues that such a mechanism should be included within the Water Resource Plans and will help to address the impact of improved irrigation efficiency on water resource areas, including the risk of significant underutilisation of the available Sustainable Diversion Limit resource.

The RGA believes that this mechanism should stimulate water take in years when we have a SDL credit available and ample resource. There are two key options that we believe may assist to achieve this:

1. Increased maximum announced allocation for GS entitlements under particular circumstances; and
2. Improve access to supplementary events.

### **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.

### **RGA's Response**

The RGA has long argued that allowing water recovery to occur over a much greater timeframe would have enabled communities to much better absorb the negative impacts of water recovery and to collectively adapt to a smaller total productive water pool.

While the RGA does not support the recovery of the 450 gigalitres from productive sources, the RGA hopes that this learning can be factored into the design of the Efficiency Measures program. The RGA believes that the 450GL can be pursued from non-productive water, therefore ensuring that there are no negative impacts for Basin communities. .

The RGA agrees that structural change is inevitable, and notes that the irrigation businesses, communities and industries have been and continue to adapt to the many drivers of change having an impact. However the Basin Plan water recovery program has placed significant pressures for structural adjustment on irrigation communities, much greater than would otherwise have been experienced by these communities. Where these pressures have been the greatest, we have seen the resilience of many communities reduce, rather than increase. The SEIFA scores within the MDBA's Southern Basin Community Profiles indicates that, for communities such as Wakool and Finley/Berrigan, their resilience is now so low that the next major challenge for the community, such as drought, will likely have severe impacts on the communities wellbeing.

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<sup>2</sup> <https://www.mdba.gov.au/sites/default/files/pubs/Sustainable-Diversion-Limit-Reporting-and-Compliance-Framework.pdf> p.7

Where government policy has significantly contributed to reducing the resilience of a community, then government policy should also seek to restore some of that community resilience. Therefore the RGA supports recommendation 3.3.

The RGA seeks that any such program be designed in consultation with impacted communities, and argues that the previous grants programs did not effectively achieve the objective of restoring community resilience for severely impacted communities. Now that we have strong evidence of the community impacts, it is important that government factor this evidence into their policy and related programs.

## 4.2. Chapter 4 - Supply measures and toolkit

### 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.

#### RGA's Response

The RGA fully supports draft recommendation 4.1.

The RGA believes that resolving the governance and funding issues must be a priority of the Basin governments. These issues have the potential to prevent or delay the design and implementation of these supply measures project, potentially resulting in unnecessary water recovery and impacts for individual irrigation businesses, communities and industries.

The RGA does have some concerns regarding the decision to tie federal funding for these projects to progress on efficiency measures. This is likely to further delay Basin State governments from proceeding with the planning and consultation for the Supply Measure projects, which may result in significant consequences for Basin communities if these projects are not then implemented with the legislative timeline, as outlined above.

### 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.

#### RGA's Response

The RGA fully supports draft recommendation 4.2. The implementation of the Basin Plan should be focused on achieving the very best outcomes for both the environment and the irrigation industries of the Basin. Where an overly ambitious deadline has the potential to prevent this occurring, then basin governments should extend this deadline provide the responsible entity can demonstrate that the project will be delivered within a 'credible timeframe'.

### 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.

#### RGA's Response

The strategy devised for undertaking the reconciliation of supply measures against environmental equivalence should be explained to the relevant stakeholders. In the event that the reconciliation of projects is undertaken and the full supply measure offset is not achieved, then a number of stakeholders are likely to question this strategy. Therefore having the buy-in of stakeholders when developing the strategy is critical to the strategy being acceptable by the Basin community.

The RGA has long-argued that a level of flexibility/adaptability is required in the implementation of Supply Measure projects. When designing and implementing these projects, Basin State governments should have the ability to modify the projects to account for new science and information, to ensure they achieve the very best outcome possible.

#### **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.

#### **RGA's Response**

While RGA supports recommendation 4.4, RGA argues that this review of projects must occur urgently, so that they States can receive the funding they require and also have the confidence to progress with the design and implementation of the Supply Measure projects.

#### **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.

#### **RGA's Response**

The RGA supports the use of transparent and accountable governance arrangements for implementing the Northern Basin Toolkit. Having in place such arrangements will build the communities trust and confidence in the legitimacy of the toolkit measures.

The RGA hopes that the toolkit measures can be replicated in the Southern Basin as 'Complementary Measures', therefore believes that having in place an effective monitoring, evaluation and reporting framework for measuring the benefits and costs of these toolkit measures is important for demonstrating their contribution towards Basin health.

### **4.3. Chapter 5 - Efficiency measures**

#### **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.

#### **RGA's Response**

The RGA agrees that it is important that the Basin Plan modelling account for the current proposals for easing and removing the constraints, in particular the total man-made flow limits that have been agreed with stakeholders. These flow limits will impact upon the environmental outcomes (in particular at indicator sites)



that can be achieved throughout the Basin. Unless these agreed flow targets are accounted for, then we are likely to continue to pursue outcomes that are not possible with these flow targets. This then calls into question the value of the additional 450GL of water recovery, if potentially the environmental water agencies are not in a position to achieve the intended environmental outcomes anyway.

#### **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.

#### **RGA's Response**

The RGA argues that any strategy developed for recovering the 450 GL should prioritise ensuring there are no social and economic impacts for communities, ahead of the need to find a cost-effective source of water. As outlined below, the RGA believes that there are a number of sensible options for recovering the 450 GL that do not require the recovery of productive water. The RGA opposes the recovery of productive water for the purpose of recovering the additional 450 GL.

Considering that the current legislation provides for the recovery of 'up to' 450 GL, the RGA believes that adopting a more comprehensive definition of 'neutral or improved socioeconomic outcomes' will not impact upon the ability of the Commonwealth Government to recover up to 450 GL through Efficiency Measures on time and on budget.

Any Efficiency Program strategy should be developed in close consultation with relevant communities and industries to ensure that all future potential impacts are adequately mitigated.

#### **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.

#### **RGA's Response**

The RGA believes that there are three key options available to the government for recovering water for the environment that can contribute to Basin Plan outcomes while achieving neutral socioeconomic outcomes. These options focus on non-productive water sources and are as follows:

- Urban Water Use.
- River and storage operations – With on average of over 20,000 gigalitres of water flowing through the Murray Darling Basin each year, a 2% increase in the efficiency of river and storage operations will result in over 400 gigalitres of water being made available for the environment. It is suggested that Governments look for opportunities to improve the efficiency of water regulation. We note that these projects should be differentiated from Supply Measures, as their focus would not be on achieving improved environmental outcomes, but rather on reducing losses incurred through storage and regulation. The additional water that is therefore made available could be attributed to the environment.
- Complementary measures - These measures serve an important purpose of addressing the many and various environmental issues that 'just adding water' cannot resolve. For example, they are the only suitable method for addressing water quality in the unregulated system or cold-water pollution. A suitable MDBA model should be developed to measure the environmental outcomes equivalence achieved by Complementary Measures, hence allowing the implementation of these measures to contribute to the achievement of the Up-Water.

All the above measures result in a triple-bottom line outcome – more water for the environment and no further impacts for irrigators, industries and communities.

## **4.4. 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.

#### **RGA's Response**

The RGA strongly supports this recommendation.

The RGA believes that the currently proposed time frame for reviewing, finalising and accrediting the Murray/Lower Darling and Murrumbidgee Water Resource Plans does not allow sufficient opportunity to improve the provisions of these Plans, or to consider the implications of changes required to meet accreditation requirements.

Considering there has not been a review of the provisions of these Plans since they commenced in 2004, and that there is unlikely to be a further review for another ten years after the Plans commence, it is critical that water users are provided the opportunity to determine whether or not the provisions are functioning as intended or otherwise if there are opportunities for improvement.

For both the NSW Murray and Murrumbidgee valleys, there are currently significant cap credits, which would indicate that the provisions of the water sharing plan are potentially limiting extraction more than was intended. The Water Sharing Plans should seek to maximise total annual extraction within the limitation of the diversion limit. Increased transparency regarding total extractions compared with the BDL/SDL may incentivise States to ensure that extractive water use is maximised.

In addition, for these two valleys, the Stakeholder Advisory Panels have been told that they are not in a position to consider changes to the use of Planned Environmental Water (to better align with the use of Held Environmental Water) as the NSW Government does not have a suitable model available, and the models currently being used are based on 1999/2000 levels of water take. There has been significant change in the patterns of use for water take in these valleys over the last 18 years. The RGA suggests that updated models would significantly assist with decision making for these two valleys, and that the Water Resource Plan development process should allow for decision making to occur once the models have been updated.

#### **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.

#### **RGA's Response**

The RGA strongly agrees. Improved transparency regarding the compliance requirements is needed to allow the relevant industry stakeholders to develop trust in the compliance process and potentially will assist stakeholders when considering future rule changes.

#### **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.

#### **RGA's Response**

The RGA strongly agrees.

Having measure of the effectiveness of the Water Resource Plans in delivering on the objectives and outcomes of the Basin Plan (and the water sharing arrangements) will provide valuable information for determining whether the rules contained within are fit for purpose, or otherwise need to be amended. This information should also be used to ground-truth some of the modelling used for the development of current rules.

## **4.5. Chapter 7 - Indigenous values and uses**

The RGA supports the recognition of Indigenous values and uses within the Basin Plan.

## 4.6. Chapter 8 - Water quality

### 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.

### RGA's Response

The RGA believes that there is a need to review the the Basin Plan's salt export objective. The RGA believes that the impact of salinity on water quality has been significantly reduced over the past few decades due to salt interception schemes and improvements in environmental watering regimes and irrigation practices. However these significant improvements have not been recognised within the Basin Plan, or the broader water regulation. It is important that we do review and recognise this situation, so that we do not use precious water resource to resolve a problem that no longer exists.

## 4.7. Chapter 10 - Water trading rules

### DRAFT RECOMMENDATION 10.2

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.

### 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.

### RGA's Response

With respect to water trade, the RGA believes that the MDBA should focus efforts on improving the administration of water trading. A key objective should be to establish a trade system that allows for real time processing of water trades and aims to minimise transaction costs for participants. Considering the water trade system is not closely regulated despite the significant value of many transactions, investment in such a system would also help to minimise some of the risks associated with trade.

To this end, the RGA is seeking that government investigate opportunities for developing a national water trade platform. The RGA understands that this was an initial objective of the National Water Reform process, and that at this time money was set aside for the development of the platform, however this project was never completed.

## 4.8. Chapter 11 - Environmental water planning and management

### **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.

### **RGA’s Response**

The RGA supports draft recommendation 11.1.

The RGA has long argued that there should be a clear objective to maximise environmental outcomes through effective and efficient environmental water management, and that there should be clear and transparent environmental outcome objectives for key Basin environmental assets (including instream assets) and flow connectivity.

The RGA also feels that environmental outcomes can be enhanced through innovative and adaptive uses of environmental water that also provide social and cultural outcomes for Basin communities.

To this end the RGA has pursued the concept of ‘co-management’ of water, focusing on how rice growers and other irrigation water users and the environment can manage their water parcels collaboratively. Currently the RGA has identified five opportunities for co-management, however further options may be identified:

- Managing water deliveries in a way that improves environmental outcomes – i.e. releasing an environmental flush at the same time as a large irrigation order to achieve a greater flow and/or forfeiting all or part of a winter supplementary flow to the environment (when irrigation infrastructure is shut down) in exchange for early spring environmental water for irrigators (when irrigators are watering summer crops) – these opportunities will most likely be explored as part of the development of the Water Resource Plans.
- using irrigation infrastructure to efficiently deliver water to key environmental sites;
- using environmental water for watering natural wetlands located on private property. We note that this is already happening to a degree however even greater outcomes could be achieved by isolating wetlands that are currently connected to major water ways that receive too frequent and or extended inundation due to higher river flows. Private landholders could provide alternate habitat by

enhancing-modifying existing wetlands where targeted, efficient and timely environmental water would be delivered using irrigation infrastructure ;

- using environmental water for watering man-made wetlands located on private property which provide environmental benefits (see case study below); and
- formally recognising current environmental benefit being achieved on private property.

#### **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.

#### **RGA's Response**

The RGA supports this recommendation 11.2.

The RGA believes that the development of guidance material to inform the development of LTWPs is an urgent matter, considering many of these plans are currently being developed through the Water Resource Plan development process.

The other measures set out in this recommendation 11.2 will provide community with a greater level of transparency, in particular if the final documents are made public when completed. However it is important that the information be presented in a manner that the general public can reasonably comprehend.

In addition to the points listed above, the RGA seeks that the LTWP's provide information regarding how the environmental outcomes are to be measured against the objectives, and the operational and capital expenditure required to deliver the environmental outcomes.

#### **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.

#### **RGA's Response**

No comment.

**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.

**RGA's Response**

The RGA supports this recommendation 11.4.

However it is important that in formalizing the Southern Connected Basin Environmental Watering Committee (SCBEWC), we do not just create another reasonably disconnected environmental water entity. Rather all the various government agencies currently involved in environmental watering activities must be accepting of and committed to working with SCBEWC in its coordination function.

In addition, we believe that if SCBEWC is formalized, then it should also be responsible for coordinating the environmental water agencies to work in partnership with irrigation communities and other stakeholders to identify and undertake new and innovative environmental watering activities.

**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.

**RGA's Response**

The RGA supports recommendation 11.5, however believes that the list of key stakeholders should be extended to include landholders, irrigation asset managers and community.

**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.

**RGA's Response**

The RGA supports this recommendation 11.5.

**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).

#### **RGA's Response**

The RGA strongly supports the use of complementary waterway and natural resource management measures (such as habitat restoration or weed and pest control). The RGA has long sought that the Federal Government integrate catchment management and other complementary resource management activities with current environmental water activities to achieve environmental improvements across the board.

Furthermore, the RGA seeks that a suitable MDBA model should be developed to measure the environmental outcomes achieved through the use of complementary measures and the co-management of environmental water.

The Federal Government should continuously consider innovative and adaptive uses of environmental water including the concept of 'co-management' as explained above.

In addition to our comments above, the RGA seeks the following with regards to environmental water planning and management:

1. The key focuses for environmental water reform going forward should be to analyse how the planned and held environmental water can be used more efficiently and effectively together, and to investigate and implement all reasonable and cost-effective options for improving efficiency and effectiveness prior to 'recovering' further productive entitlement.
2. The Federal Government should seek to apply water use efficiency standards to all water users including environmental water users.
3. The Federal Government should ensure that the environmental water agencies are provided further flexibility to trade environmental water, and that the profits of these trades are directed towards the ongoing costs of managing the environmental water parcels, including any capital investments made for environmental purposes.
4. The Federal Government should ensure that the involvement of environmental water agencies in the water market does not have a material impact on the ability of other water users to trade water.
5. The Federal Government should seek to facilitate better long-range weather forecast systems to assist in the management of all water resources.

## **4.9. Chapter 12 — Compliance**

#### **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.

#### **RGA's Response**

The RGA supports this recommendation 12.1.

#### **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.

#### **RGA's Response**

The RGA supports this recommendation 12.2 and the principle that all irrigation water use should be subject to an adequate standard of metering.

However it is critical that the application of the metering standards by the NSW government does not undermine the significant investment made in metering technologies over the last decade in the Southern NSW Basin. The Murray and Murrumbidgee Valleys have both benefited from recent upgrades to telemetry metering through the 'NSW Sustaining the Basin Program – Southern Valley Metering Project (iWas program)'. This program saw the NSW government invest in a state of the art metering and compliance system. However some of the meters upgraded/installed through this program do not meet the AS4747 pattern approval requirements (including Mace meters). Enforcing this standard for these meters will undermine this previous program, despite these meters being considered highly accurate.

In other words, the RGA feels that changes to metering standards to address metering and compliance issues found in other valleys should not adversely impact upon the Southern Basin, in particular when there is unlikely to be any improvement to the already very high standards of metering/compliance found therein. It is important that the NSW government continue to work with the irrigators in the Murray and Murrumbidgee Valleys to ensure that this does not occur.

#### **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.

#### **RGA's Response**

The RGA agrees that the enforcement of illegal water take is the responsibility of Basin States, and feels that anyone found to be intentionally, negligently or recklessly taking water illegally should be subject to criminal law provisions.

However it is important that any mechanism taken by the MDBA (or any other party), to address concerns about Basin States responses to concerns of illegal water take, should not impact upon the legal water users in that valley.

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

#### **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.

#### **RGA's Response**

The RGA supports this recommendation 13.1. The RGA believes that there is much confusion about which agencies are responsible for different aspects of the monitoring, evaluation and reporting for the Basin Plan, and this confusion often results in frustration for the local communities and stakeholders. This is particularly the case where there appears to be a duplication of efforts and/ or conflicting results are reported by different agencies for what appears to be the same piece of work.

#### **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.

#### **RGA's Response**

The RGA supports recommendation 13.2.

It is important that any monitoring, evaluation and reporting work that is carried out serves a purpose and is delivered in a format that can be reasonably understood by the broader community so that it can be factored into future decision making. The strategy/framework for Basin Plan implementation should clearly indicate the measurement required to both monitor the progress of Basin Plan implementation, and to inform future decision making.

#### **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.

#### **RGA's Response**

The RGA supports recommendation 13.3 and refers to our response to recommendation 13.2.

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

#### **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.

#### **RGA's Response**

The RGA strongly supports draft recommendation 14.1.

#### **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.

#### **RGA's Response**

The RGA supports recommendation 14.2.

The RGA believes that separating these two functions will assist the community to build a greater level of trust in the MDBA and its work.

However we also note that there are already a number of government agencies operating within the water space and there is a risk that creating a new agency will lead to further confusion and angst for community members and Basin Stakeholders. Therefore it is important to also consider how this confusion can be overcome.

#### **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.

#### **RGA's Response**

The RGA strongly supports this draft recommendation 14.3.

The RGA believes that this recommendation must be implemented urgently. In particular, for the NSW government there is a significant amount of work that must be completed in the short-term future with regards to implementing the Basin Plan. The RGA has concerns that the relevant NSW Government agencies are not adequately resourced to complete these tasks to a standard acceptable to the broader community (including completing the relevant due diligence checks needed to ensure all third party impacts are mitigated).

#### **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.

#### **RGA's Response**

The RGA supports this draft recommendation 14.4. However it is important to ensure that water users are not paying for a duplication of the compliance services, if this function is being carried out at both the State and Federal level.

If this is likely to be the case, then the RGA would argue that a better investment would be to assist the relevant State compliance agencies to complete their compliance function to a standard acceptable to the 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.

**RGA's Response**

The RGA supports this recommendation 14.5.

**5. THANK YOU AND CONTACTS**

The RGA thanks the Productivity Commission for the opportunity to provide a response to this Draft Report and looks forward to release of the Final Report.

For further information please contact:

**Jeremy Morton**  
**President**

**Rachel Kelly**  
**Policy Manager**