

SUBMISSION TO THE PRODUCTIVITY COMMISSION

Murray-Darling Basin Plan: Five-year Assessment – Draft Report

I appreciate the opportunity to provide comments on the Productivity Commission (the “Commission”) Draft Report on the Murray-Darling Basin Plan Five-Year Assessment.

I commend the Commission for the comprehensive assessment and recommendations included in their Draft Report (Report). I believe recommendations made by the Commission are firmly based on sound governance principles, which provides a direction to achieve valuable improvements in implementation processes, especially those found to be deficient.

My interest in the Basin Plan relates to it achieving sustainable rivers for all stakeholders in the community.

My former employment roles centred on processing irrigated food products, with Mildura Co-operative Fruit Co. Ltd for 31 years and with dried fruit marketing as a Board member of Australian Dried Fruit Sales P/L (later known as Sunbeam Foods) for 26 years. Dried fruit was marketed in bulk and consumer packs on both domestic and export markets. Since retirement, I have served as a Board member on statutory regional state catchment management authorities and rural and urban water authorities.

It is fortuitous that the Commonwealth provided for the five-year measurement of the progress being achieved in implementation of the Basin Plan. Without this measurement now, there would not be an opportunity of the scale needed to achieve major corrections in time to enhance future outcomes.

I believe that the Commonwealth should provide for a subsequent three year review by the Commission to now follow, which would provide timely opportunity to effectively assess any needs for further adjustments. To wait until 2022 would raise major risks in achieving satisfactory Basin Plan outcomes. This is especially so, given the major structural and other changes already identified in the Report.

An additional item relates to the Water Act object of maximising net economic return from Basin water use. When estimating net economic return, account should be taken of selling prices achieved through marketing food and fibre products and in other initiatives such as tourism.

Australia has a long standing strong market recognition for “clean and green” food and fibre products. With the increase in market recognition of production in sustainable conditions, there is also increasing market interest extending to the stewardship of healthy rivers associated with production in sustainable conditions. Overseas producers, in competition to Australian production, will readily seek to use any degradation of our rivers to their marketing advantage.

The Farewell address by National Farmers Federation President David Crombie in 2010, includes references for the integrity and ethics of our production systems to include environmental sustainability.

In reviewing the Key Points on p.2 of the Draft Report Overview, I wish to offer the following comments.

a) Significant practical progress has been made in terms of new management arrangements.

New management arrangements are in place in the Southern Basin, where measuring in the form of appropriate water use metering and timely collection of water extraction data are available for water management. In the Northern Basin, river regulation issues, measuring of water take, flood plain harvesting and management of environmental water are far from satisfactory.

Present water management arrangements are increasing irrigator concern in our region, in particular the future effect of reduced flows from the Darling and Murrumbidgee Rivers, combining with flow constraints of the Barmah Choke, that will lead to increased risks of water shortages.

I believe the Commission should consider qualifying this Key Point by reference to the Northern Basin. Making a strong recommendation, that the recommendations of the Ken Matthews Report (2017) must be implemented urgently and in full, would be seen by the community as a substantial example of significant practical progress.

b) The development and accreditation of Water Resource Plans is behind schedule.

The Water Resource Plans (WRP) deadline should be extended beyond 2019, in cases where plan quality is at risk. It is unacceptable for old and unsatisfactory rules to be rolled into new plans. The Murray-Darling Basin Authority (MDBA) should not be seen to be embracing weaknesses and issues as their own, this is particularly evident in the Northern Basin. Sustainable outcomes must be at absolute priority to expediency.

It should be required that the management of the WRP process clearly includes the objective of ensuring the sustainability of Basin rivers. That is the primary objective of the Water Act. Rivers are functioning systems that must be provided with appropriate water flow over their entire length. The more Basin States and the MDBA fail to openly convince the community that this objective is a priority, the more community confidence is undermined.

c) Basin Governments should substantially revise the Basin Plan Evaluation Framework and develop a monitoring strategy.

I notice and agree with the several references by the Commission for the need to improve monitoring generally and in particular relating to the Basin Plan Evaluation Framework. I believe there are indicators that could point to some indifference to appropriate monitoring in the initial Basin Plan implementation.

d) The current timeframe for implementing the measures to adjust Sustainable Diversion Limits by 2024 is unrealistic and should be extended.

The Commission ranks SDLs as the core element of the Plan. Basin Plan outcomes will be seriously undermined unless MDBA and Basin Governments resolve to improve commitment to achieving good governance in implementing SDLs.

Sustainable outcomes must be an absolute priority to expediency.

The Commission has rightly found that Basin Governments need to adopt far better project management processes for SDLs. If the timeframe is to be extended, then it is imperative that more regular review of progress should be mandated (see my introduction above and my response in Clause K below.)

e) The Australian Government should align additional water recovery with progress on easing delivery constraints and include strategies to mitigate socioeconomic impacts.

Nil

f) Complex challenges are made more difficult because of the way Basin Governments have developed and agreed to the projects – the process has lacked transparency and candour with stakeholders who are concerned about potential impacts.

Leadership by Basin Governments needs to improve engagement with the community. The absence of transparency and candour result in reputational damage for Governments, MDBA and other stakeholders; on top of diminished outcomes.

In my experience, the most effective projects undertaken in the Mildura region were achieved where a no borders approach was taken. I would encourage a no borders approach to be adopted and resourced.

g) There are major shortcomings in the current institutional and governance arrangements and these pose a significant risk to successful implementation. Now is the time for Basin Governments to do some heavy lifting and provide strategic direction.

The Report has provided the much-needed opportunity to draw a line on present deficiencies and for all managing agencies to restart with better institutional and governance structures. Including that the Basin Plan must be integrated into State water resource management frameworks and in joint arrangements for shared water resources.

The Commission has taken the view that the best way to restore community confidence in water management in the Basin is to go back to the basics of good management. This is a telling scorecard to receive and reinforces that a no action response is not an option. Significant action is vital to achieve the outcomes of the Basin Plan.

The Basin Plan is a \$13 billion project, with important objectives. It must therefore be provided with institutional and governance arrangements of a very high order.

Good management requires a framework of appropriate institutional arrangements. The Commission has found that existing arrangements have developed, so as to create uncertainty between MDBA and Basin Governments, about who should respond to issues. This is an untenable position and where key risks to successful implementation have not been strategically managed.

I believe the Commission's recommendation for Basin Governments to now firmly commit to the Basin itself, rather than just their own patch, is very soundly based. After all, this was a major reason why the Basin Plan was established in the first place.

The jurisdiction of the Basin must clearly outrank the jurisdiction of each Basin Government.

How can the outcomes of the Basin Plan be achieved without this priority?

h) Basin Governments should take joint responsibility for leading implementation, not leave it to the Murray-Darling Basin Authority (MDBA).

I agree with this key recommendation. It is imperative Basin Governments take on commitment to this involvement, for the remaining Basin Plan implementation. Whatever institutional arrangement is adopted, there must be a high level of ownership of the Basin Plan at the level of Prime Minister and Premiers. A commitment that the implementation of the Basin Plan will include compliance with all relevant Federal and State laws.

This commitment should include appropriate and contemporary resources appropriate for a \$13billion project and to overcome the unsatisfactory performance assessments made in the Report. A strategy of efficiently achieving the sustainable Basin Plan objectives must be paramount.

i) The Basin Officials Committee should be assigned responsibility for managing the significant risks to successful implementation, including the integrated program of projects.

Risk management is a top priority for any organisation and I believe the managing role should be assigned to the level of COAG or the Commonwealth and Basin States.

j) The MDBA should be separated into two institutions — the Murray-Darling Basin Corporation and the Basin Plan Regulator.

The Commission has clearly identified the conflict in the two main roles within the MDBA; supporting implementation and securing compliance. Plus the inevitability that this will even worsen performance over the next five years, unless rectified.

Structural reform is therefore clearly required and the Commission has appropriately recommended assigning MDBA's two key roles to separate institutions.

This is a top priority issue, and if not addressed appropriately, is one which will severely affect Basin Plan outcomes.

k) This is an opportunity to make important 'stitch in time' changes to ensure an effective Plan. Failure will be costly for the environment and tax payers and undermine confidence that the significant investment in the Basin Plan has been worthwhile.

This is the time to hit the reset button to adopt and deliver a strategy that aligns with the Water Act and Basin Plan objectives to reallocate sufficient water aimed at ensuring environmentally sustainable Basin rivers for all users. Our rivers need stewardship of a much higher order.

This turnaround will require strong leadership from the Commonwealth and the States, working together.

The Commission has provided a range of well-founded institutional and governance recommendations. These are by far the best opportunities we have to provide the much-needed improvement in the Plan implementation ahead.

This opportunity must be grasped. Achieving much better Basin Plan outcomes, will produce a lasting legacy for the governing institutions

Barrie MacMillan

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