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Commissioners
Australian Government Productivity Commission
GPO Box 1428 Canberra ACT 2601

Inquiry into the effectiveness of the implementation of the Basin Plan and water resource plans Submission

Thank you for the opportunity for the Murray Darling Association to make submission to the Productivity Commission's inquiry into the effectiveness of the implementation of the Basin Plan and water resource plans.

The Murray Darling Association is the peak body for local government in the Murray-Darling Basin, informing policy and contributing local knowledge and regional solutions since 1944. There are 167 councils that sit within the Basin and whose communities rely upon water from within the catchment. The management of water is a matter that is of significant interest to local government.

The MDA is of the view that one of the most significant and fundamental risks to the effective implementation of the Basin Plan is the omission of local government from any formal role in the institutional and governance arrangements of the Plan.

Local government is the third tier of government in Australia and is the level of government most intimately connected with the local areas, ecosystems, topographies, communities, industries, and interests that make up Basin environment.

Local government is adroit and well equipped in balancing complex and often competing social, economic and environmental needs within and across their municipalities. They do this within legislated standards of discipline and governance.

Local government has the skill and institutional capacity to inform policy development, has rich and established regional networks that offer an invaluable interface and an effective resource for state and federal policy makers.

Local government has detailed knowledge and experience in identifying structural adjustment requirements and regional economic development opportunities. Local government also has data and lived experience of social and economic impacts upon their communities and the ability to identify and distinguish the drivers of those impacts.

And yet, there is no role for local government in the institutional relationships overarching the MDBP.

Local government is generally regarded by governments and agencies responsible for the implementation of the Basin Plan as a 'community group' or as 'community advocates'. And while local government and councils certainly do represent our communities, and advocate effectively, the MDA believes that the omission of an entire level of government from any responsible role in the implementation of the Basin Plan has had catastrophic results in formulating and establishing the Plan.

Having a 2/3 government approach to formulating and establishing the Basin Plan has cost all levels of government and our communities significant financial, social, and emotional cost. The MDA recommends that local government be afforded a formal role in the implementation of the Plan and long-term management of the shared water resources.

INFORMATION REQUEST 1

The Commission welcomes feedback on its approach to assessing the Basin Plan.

- The Commission's approach to assessing the Basin Plan is considered and rigorous.
- The Commission's community engagement has been open and genuine and has been well attended and well received. The commissioners and team have been well informed and respectful in their consultation, teasing out themes and ideas to facilitate inclusive discussions.
- Of note is the high quality of the Productivity Commission's *Murray-Darling Basin Plan: Five-year assessment Issues Paper, March 2018*. This issues paper identifies the key issues and provides concise and salient background information and an information flow that is difficult to achieve and rarely seen in the complex environment of Basin Plan communications and engagement.
- Of particular note is the flexibility in addressing community consultations in the far west of NSW downstream of Bourke and west of Deniliquin, not originally listed on the consultation schedule.
- The MDA has and continues to advocate for the development of a range of resources to assist governments, communities and other stakeholders to develop a shared and more detailed understanding of the Basin Plan and its implementation. The Issues Paper is a resource that meets that objective.

INFORMATION REQUEST 2

The Commission is seeking information on:

- a. risks that may prevent Basin States from successfully implementing SDL adjustment projects*
 - b. the extent to which adopting a different definition of 'neutral or improved socioeconomic outcomes' for efficiency measures to what is in the Basin Plan would affect the likelihood of projects being delivered on time and on budget*
 - c. whether there are other novel approaches to recovering water for the environment, such as purchase of entitlement options, that may contribute to Basin Plan outcomes while achieving neutral socioeconomic outcomes.*
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The MDA supports investment in SDL adjustment (605GL) projects as a practical way to achieve equivalent or better environmental outcomes with less water.

Unfortunately, there is currently a concerning lack of detail around many of the currently proposed projects, including the absence of business cases, and environmental impact/benefit assessments. There are concerns about costs and implementation timelines.

A significant risk to successfully implementing the SDL adjustment projects is the absence of a detailed, consistent and agreed process to assess the merits, costs, benefits and projected efficiencies of the various project.

The project assessment process should be consistent across all states, should include consultation input and approval from local government, and should be integrated to ensure that each project is complimentary to the others achieving whole of system benefit and avoiding duplication.

It should also be considered that successful implementation of an SDL adjustment project includes ensuring maximum economic benefit to local and regional economies in the project construction and management investment. Local government's inclusion in this process will provide greater opportunity for innovation and regional benefit.

Without a detailed understanding the projects, and their supporting business cases, it would be difficult to comment on the extent to which adopting a different definition of 'neutral or improved socioeconomic outcomes' for efficiency measures to what is in the Basin Plan would affect the likelihood of projects being delivered on time and on budget. Indeed, as noted above, there is in many cases a conspicuous absence of any timeline of budget at this stage.

What is clear is that the current definition of 'neutral or improved socioeconomic outcomes', which provides that voluntary individual participation in water recovery initiatives equals neutrality, does not meet the overarching intent of the Basin Plan, does not meet community expectation, and in many cases contributes to regional economic losses and adverse community impacts.

The MDA has partnered with the CSIRO, and with the University of Canberra to prepare a proposal to develop a socioeconomic impacts assessment and response framework that includes development of a fair and equitable, and consistent framework for establishing socio-economic neutrality.

Once developed, the tool would support optimal design of policy interventions to achieve future water savings, including the 450GL, would assist in ensuring optimal outcomes of the efficiency projects.

The MDA has invited to those governments that are party to the Basin Plan to support the initiative. Local government's inclusion in ongoing communication and engagement with our Basin communities will provide greater opportunity to explore and capture novel and innovative approaches to water recovery while providing balanced assessment of impacts and benefits.

INFORMATION REQUEST 3

The Commission is seeking information on actions governments should now take to achieve SDLs in the Northern Basin.

The MDA supports the reduction in the water recovery target in the Northern Basin from 390GL to 320GL. The MDA welcomes the finding of the Northern Basin Review that toolkit measures can be implemented to deliver similar environmental outcomes with less water.

The MDA also supports the SDL increase for groundwater sources from 3334GL to 3494GL, which was included in the Northern Basin Amendment and has been disallowed. The term 'Northern Basin Review' is something of a misnomer in this sense because it incorporated this Basin-wide SDL change, which is not widely understood. One specific impact of this disallowance is on the future water supply for Wangaratta.

One aspect of the Northern Basin Amendment that has caused concern among some MDA members is that of reallocating SDLs between valleys, allowing further recovery of water from valleys which have already met their recovery target, to offset recovery in other valleys. Specifically, a large water purchase on the Warrego River was used to offset the contribution from the Queensland Border Rivers region.

The MDA also recommends an integrated approach to any revision of the Northern Basin Review to take into account the impact of low flow extraction on lower Darling communities and ecosystems.

To achieve the SDLs in the Northern Basin, the MDA recommends that governments work methodically and formally in collaboration with the councils of the Northern Basin to develop an agreed strategy that will

- a) achieve the SDLs in the Northern Basin,
- b) consider issues of concern regarding consistency and accountability of intervalley transfers, and
- c) inform legislation that may be reintroduced to parliament.

INFORMATION REQUEST 4

The Commission is seeking information on:

- a. why progress to remove constraints has been slower than expected*
 - b. the implications of this slow progress*
 - c. what can be done to ensure that constraints are removed in a more timely manner while managing impacts on third parties*
 - d. strategies that are, or could be, put in place to increase the extent to which Basin Plan objectives are met when constraints cannot be removed.*
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Progress to remove constraints has been slower than expected for two key reasons

- a) a lack of clarity and description of existing constraints
- b) an absence of shared understanding of the specific actions, and associated costs, required to remove the constraints.

In 2014 the MDBA released its Constraints Management Strategy 2013 – 2024, a document required to identify and describe the physical, operational and management constraints that affect environmental water delivery. In that document, seven key areas are identified for further focus. One of those seven key areas is South Australia!

Projects to address the constraints are now included in the 36 supply projects, many of which are still early in their stages of development.

When the Constraints Management Strategy was released reaction focused largely on the risks and responses to inundation, with many landowners unwilling to allow inundation of their properties. Campaigns emerged among community and political groupings that were damaging and costly. There was no informed debate and consultation of managed and engineered solutions to address the constraints.

There remains a poor level of understanding at community level of what is meant by ‘constraints management’, of what the management strategy is, and details of the projects proposed to relax the constraints.

Without a clear understanding of the specific projects required or proposed to relax or remove the constraints, community consultation has largely been poorly informed, hostile and defensive. This has undermined confidence in the Basin Plan and challenged the relationship between the MDBA and some communities.

In the absence of specific projects and an understanding of the engineering and hydrology, many have concluded that several constraints will be impossible to overcome, making the delivery of targeted volumes of environmental water impossible, and the recovery of the 450GL redundant.

There is some argument that efforts to overcome the system constraints and attempts to deliver the 450GL will have adverse environmental outcomes.

The slow progress on the removal of constraints contributes to the level of uncertainty and anxiety across Basin communities, undermines confidence in the Plan, leads to consultation fatigue, and puts at risks the capacity for the system to meet Basin Plan outcomes.

The MDA recommends that the MDBA and the MDA collaborate to develop a program and associated resources that

- a) clearly describes every identified constraint in the system
- b) clearly describes the projects or actions required to address/relax/remove/manage the constraint
- c) identifies the responsibilities, costs and timelines associated with each project
- d) includes the consultation strategy that will
 - a. inform stakeholders simply and concisely of the challenges and opportunities associated with managing and removing the constraints.
 - b. provide an opportunity for meaningful community contribution developing strategies to manage third party impacts, and
 - c. assist in developing strategies that are, or could be, put in place to increase the extent to which Basin Plan objectives are met when constraints cannot be removed.
- e) establish a clear line of sight between specific constraints and responsibility for their removal, with roles for both local government and the CEWO as referral and approval authorities.

Various opponents and proponents of the Basin Plan and its associated projects have proposed numerous strategies that are, or could be, put in place to increase the extent to which Basin Plan objectives are met when constraints cannot be removed. These have included such known chestnuts as removal of the barrages to re-diverting lakes and river systems to less well publicized and more innovative engineering solutions.

The MDA recommends that, hand in glove with developing a more inclusive, vertically integrated consultation strategy (inclusive of all three levels of government) and stronger interagency collaboration, Australia should cast the net worldwide to explore options for engineered solutions to the removal or management of constraints. From there, it may be beneficial to review and update the Constraints Management Strategy.

INFORMATION REQUEST 5

The Commission is seeking information on:

- a. *the extent to which the Australian Government's strategy to recover water in areas where gaps remain will be cost effective, align with the Basin Plan's environmental objectives, and be transparent*
- b. *risks to achieving water recovery targets by 1 July 2019 and, where not already addressed under current arrangements, how any shortfalls may be resolved*
- c. *examples of water recovery (both infrastructure projects and purchases) that have been either well implemented or had major deficiencies, including risks to securing contracted but not yet delivered water from water-saving infrastructure projects.*

The MDA remains vehemently opposed to water buybacks and has only the most qualified support for on-farm irrigation efficiency programs.

The Commonwealth Government's current water recovery strategy of prioritizing the recovery of remaining water through infrastructure projects, not buybacks, is supported. While there remains an unused 276GL portion of the legislated 1500GL limit on buybacks, MDA members are staunchly opposed to any future buybacks.

The MDA supports efficiency projects and believes projects that don't reduce water available in the consumptive pool (i.e. off-farm projects) should be prioritized over on-farm projects.

Water purchases that have had the greatest impacts have been those taken from systems such as the Goulburn Murray or Murray Irrigation Districts. Buybacks in these regions have had a 'Swiss cheese effect', reducing the total number of irrigators and forcing greater costs onto those remaining. This effect has also created concerns about the ongoing viability of irrigation companies and authorities in these regions.

The risks to achieving water recovery targets by 1 July 2019 are high, and the consequences are catastrophic. Should Australian governments choose to step in and buy water back to achieve the targets, the social and economic consequences cannot be calculated, and one has only to look at the current state of the Darling River system to see the environmental consequences.

In order to avert shortfalls, and as a clear example of a water recover initiative that has been well implemented, the MDA recommends that a project be considered aimed at replicating the model and successes of the [SARMS National Partnership Agreement](#) – RED/3IP at a Basin scale, utilizing the experience and learnings of the SA Govt and the networks and the knowledge of local government and communities to achieve Basin scale outcomes.

INFORMATION REQUEST 6

The Commission is seeking information on:

- a. what specific assistance has been provided to help communities adjust to the Basin Plan*
 - b. the extent to which this assistance has supported particular industries or regions*
 - c. evidence that this assistance has facilitated adjustment that would not have otherwise occurred and has contributed to meeting the intended outcome of the Basin Plan, including more resilient industries and communities with confidence in their long-term future*
 - d. whether future structural adjustment assistance is warranted, and if so, what lessons can be learnt from past programs.*
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The scale of rollout and effectiveness of structural adjustment assistance is not apparent to the MDA. A database of what has been done to date would be useful for communities that would like to diversify their economic base to adapt to a future with less water.

As at 2017, less than 1 per cent of the \$13billion has been made available to assist communities to adjust to a future with less water.¹

Many communities have invested in the development of structural adjustment strategies (Wakool Shire 2015, Balonne Shire 2017 and others). However, such strategies have in the past been poorly received by governments and authorities who have argued that their socio-economic model or assessment is flawed.

¹ Wentworth Group of Concerned Scientists (2017). Five actions to deliver the Murray-Darling Basin Plan 'in full and on time', Wentworth Group of Concerned Scientists, Sydney, p11. Available online: <http://wentworthgroup.org/2017/06/fiveactionstodelivermdbplan/>

For this reason, the MDA and others continue to advocate for the development of a SOCIO-ECONOMIC IMPACTS ASSESSMENT AND RESPONSE FRAMEWORK.

The MDA believes that the cost benefit ration for investment in the development of the framework is exponential.

Support for targeted structural adjustment investments

Communities across the Murray Darling Basin currently invest tens of thousands of dollars in 'go-it-alone' socio-economic impact studies designed to support a proposition for structural adjustment funding, adjustment of water recovery targets, investments in projects and infrastructure, and more – only to have the data when applied to an alternate analysis process.

Cost to state governments, agencies and authorities, councils, and community groups for a regional socio-economic impact assessment may be estimated to range between \$40,000 - \$150,000.

This project will reduce cost of investing in these impact studies, by providing a structured framework and methodology that can deliver consistent and reliable analysis across Basin communities and sectors. Further benefit in that the user of the tool (community/government/councils etc.) will have ownership of process, and can develop accountable, reliable, and consistent socio-economic impacts analysis, reducing the cost to communities of social and political conflict.

Assumption: Use of the impact assessment framework may reduce the cost of assessment by 50%, while enhancing the value of the output beyond measure. If say 5 independent socio-economic impact assessments are undertaken each year across the Basin at an average of \$95,000, the saving is calculated at \$237,500 in a single year.

Enhanced economic benefit of targeted project investment by the states

Similarly, governments are investing multi-millions of dollars in projects in the Murray Darling Basin without the benefit of consistent, technically reliable socio-economic impact assessments and calculable cost/benefit data sets.

Under the Murray Darling Basin Plan, the Sustainable Diversion Limit Adjustment Mechanism relies upon a suite of 37 projects to use water for the environment more efficiently, leaving more water in the system for industry and communities to use. These projects are the responsibility of their respective states to deliver.

The projects will be designed and implemented by Basin state governments in consultation with communities between 2019 and 2024, with a combined budget allocation of approximately \$1.5B to deliver the projects.

Availability of consistent, reliable data to underpin the business cases for each of the 37-proposed supply and efficiency projects. Estimating the cost to government of a detailed business case, including community consultation, data development, and reliable, trusted socio-economic impact assessment conservatively at \$50k per project we estimate the value of this tool at \$1.85M over 6 years.

Way forward to deliver the Basin Plan on-time, in-full

One of the most significant challenges to delivering the Murray-Darling Basin Plan on-time and in-full is the social and political conflict over the social and economic impact of water recovery, and other activities undertaken in the implementation process.

This conflict, and its associated risk is further exacerbated by the lack of confidence that recovery of the 450GL 'up-water' can occur with neutral or beneficial socio-economic impact, or that provisions for assessing socio-economic neutrality under the Act provide for genuinely effective, fair, or equitable determination of neutral or beneficial socio-economic outcomes.

\$1.5bn in public funding investment to acquire the 450LG up-water may be at risk if

- a) Agreement cannot be reached between the states on a fair and equitable means to calculate socio-economic neutrality in the context of the Murray-Darling Basin Plan implementation, and
- b) Policy and project investment decisions are not underpinned by consistent, technically reliable socio-economic impact and calculable cost/benefit data sets.

The Murray Darling Basin Plan is a \$13bn investment by the Australian people, with a 12-year implementation phase. It is reasonable to calculate the cost of implementation of the Basin Plan at approximately \$1.08bn p/a over that time. 2018 is the half-way point in the implementation phase if the Plan.

A significant portion of the \$13bn investment by the Australian people is at risk if

- a) The Basin Plan is not implemented, or
- b) Implementation of the Basin Plan fails to achieve its stated objective of balanced social, environmental, and economic benefits.

Stronger alignment between community needs and Basin Plan investment

Better evidence on socio-economic impacts will increase the certainty people have in their future and increase investment in rural economies in the Murray-Darling Basin.

There is clear evidence that people and businesses that feel uncertain due to concern about socio-economic changes reduce their likelihood of investing in rural economies.

Greater certainty and agreement about socio-economic impacts, and reduced conflict resulting from clear understanding of the socio-economic impacts of the changing water availability will enable a more positive investment environment in local economies throughout the Basin, providing real economic benefit in terms of economic development.

Irrigators will be more confident to invest in farms due to greater confidence that Basin Plan actions will have neutral socio-economic impacts. This leads to better growth in agricultural production, which flows through to agricultural service industries and processors.

This data will also support sound investment in technology and innovation in water recovery projects that have socio-economic benefits in the forms of improved productivity gains in farms. For example, better ability to design planned water recovery actions to reduce negative socio-economic impacts and enhance positive socio-economic impacts. This targeted design can improve the socio-economic outcomes from the 450GL up-water investment

Enhanced social infrastructure

Reducing social conflict and increasing certainty in the future of rural communities has health and wellbeing benefits in the form of reduced levels of psychological distress in communities, which are associated with reduced costs to the health system.

Better community engagement

Communities across the Basin have expressed frustration and fatigue in response to engagement that they feel has not been considerate of or responsive to their respective contributions

Further benefit in that the user of the tool (community/government/councils etc.) will have ownership of process, and can develop accountable, reliable, and consistent socio-economic impacts analysis, reducing the cost to communities of social and political conflict.

The MDA believes that investment in structural adjustment through collaborative government/business & industry partnership initiatives to drive and deliver efficiencies, is absolutely warranted.

Lessons can be learned by active collaboration with state and local government program and project proponents including

[Water Impacted Communities Alliance](#) – Wakool Shire Council (now amalgamated Murray River Council)

Transitioning for the Future – Balonne Shire Council

Others

INFORMATION REQUEST 7

The Commission is seeking information on:

- a. the main risks to remaining WRPs being finalised and accredited by mid-2019*
 - b. how, and to what extent, recent measures to make the WRP accreditation process more efficient and streamlined have sped up the preparation of WRPs and whether there are opportunities to further streamline the accreditation process for WRPs*
 - c. other ways WRPs or associated planning processes (e.g. consultation, modelling inputs) could be changed to better meet the objectives of the Basin Plan*
 - d. how effective Basin States have been in consulting with all relevant stakeholders*
 - e. the main risks to planning assumption work being finalised on time.*
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Only one of 33 Water Resource Plans (Warrego Paroo Nebine area) has been completed. The MDBA, in its first Water Resource Plan quarterly report, released in January 2018, expressed concern that not all NSW plans would need the mid-2019 deadline, and that the current proposed content of Victorian WRPs would not meet Basin Plan requirements.

The MDA shares these concerns and feels that insufficient resources are being committed to the development of the WRPs, both by state governments and the MDBA.

There is also the risk that, in separating plans for parts of river systems, and indeed States, the whole of basin impact and overall connectivity is omitted from the planning process.

The MDA is gravely concerned that community consultation on these plans may be compromised as state governments rush to meet the 30 June 2019 deadline. Local government and communities must be adequately consulted in the development of these plans to ensure consistent, equitable and achievable plans.

INFORMATION REQUEST 8

The Commission is seeking information on:

- a. how environmental water planning under the Environmental Management Framework is, or is not, facilitating achievement of the Basin Plan's environmental objectives within legislated timeframes, and what improvements should be made.*
 - b. how effective and efficient the delivery of environmental water is — including through coordination among owners of held environmental water, managers of planned environmental water and other stakeholders — and how any barriers could be reduced*
 - c. whether Australian and State Government objectives for the delivery of environmental water align, any examples of where this has not been the case, and how differences are resolved through the Environmental Management Framework*
 - d. the extent to which the Prerequisite Policy Measures (PPMs) assumed to exist under the Basin Plan will be in place by the target date of 30 June 2019, so that the Plan's environmental objectives can be achieved under the SDLs agreed by governments, and how any identified concerns should be addressed*
 - e. any opportunities to better integrate environmental water planning and management with natural resource management programs and complementary works to facilitate achievement of the Basin Plan's environmental objectives.*
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Environmental water is essential to the health, wellbeing and sustainability of the Murray-Darling Basin system and the communities within it.

MDA member councils keenly acknowledge the numerous benefits of environmental water to land and water ecosystems and support the legislation that ensures provision of such volumes of water as may be sufficient to maintain the health of that environment.

The impacts of environmental watering events are complex and differ from wetland to wetland, community to community and government to government.

The MDA acknowledges the importance of the role of the CEWO and our state based natural resource management agencies in administering complex legislation and managing the use of environmental water. The MDA and its member councils have always valued a constructive and respectful relationship with the CEWO, and commends the CEWO and the CEWH (past and present) on that office's commitment to effective community consultation and regard for their 'social licence' in managing environmental water.

Formal inclusion of local government through the MDA – along with local land services, catchment management authorities and CEWO local engagement officers - in the planning for environmental watering would foster greater public confidence in environmental watering and maximise the use and benefit of environmental water for the protection and restoration of environmental assets.

Environmental water planning could be enhanced by greater investment in and reliance on local knowledge to develop solutions to unintended and adverse consequences inherent in environmental watering events.

These consequences include the proliferation of carp spawning associated with overbank flows, overwatering of redgum forests, cold water pollution, and accelerated river bank undermining and degradation associated with river pulses.

Greater alignment of Australian and State Government objectives for the delivery of environmental water align, by including the CEWO as a referral authority in the development and approval of the supply and efficiency projects proposed under the Murray Darling Basin Plan sustainable diversion limit adjustment mechanism.

The MDA is of the view that any opportunities to better integrate environmental water planning and management with natural resource management programs and complementary works to facilitate achievement of the Basin Plan's environmental objectives is an essential element of environmental water efficiencies. Institutional relationship pathways and networks should be established and mandated.

In this section, we provide comment on the monitoring and evaluating of the use of environmental water.

Our members have expressed concern that current provisions governing the management, use and accountability of environmental water are not effectively measured. It is argued that this provides an unfair advantage to environmental water users as compared with other water users and fails to drive greater efficiencies in the use and management of environmental water.

We would argue that the absence of stringent monitoring and evaluation of the efficiency of environmental water use may also compromise the efficiency of environmental watering outcomes.

These issues can be broadly described in five key issues

- a) Natural inflows – Currently there is an inconsistency between environmental water users, and other licence holders wherein naturally occurring inflows benefit the environment but are not measures and adjusted against the environmental allocation, whereas naturally occurring inflows that benefit other licence holders are accounted against their allocation.
- b) Management of storages and spillage - Our members have expressed concerns that environmental water being held in storages occupies airspace otherwise used for irrigation water, has had the effect of triggering spills. This can, and does create economic losses, and creates additional risks of unintended flooding at times of peak volume.
- c) Contribution to infrastructure access and maintenance – Currently environmental is not required to contribute to the costs associated with infrastructure access and maintenance in the same way that other licence holders are. This is seen as inequitable.
- d) Efficiency: if it can't be measured – it can't be managed – Environmental water users are not currently required to account for delivery efficiencies to the same standard as other licence holders, particularly irrigators. Our members have called for clear and regular reporting on the management and use of environmental water, with set targets, efficiency standards and transparent accountability.
- e) Unity - Close collaboration between the CEWO and the MDBA as the two primary Commonwealth agencies responsible for the attainment and delivery of environmental water. Recent comments by the retiring Commonwealth Environmental Water Holder in the [Sydney Morning Herald](#) 13 Feb 2018 suggest that more work is needed to ensure that these two agencies are able to share information and achieve required outcomes through closer collaboration.

Activities that improve community engagement and awareness of the way in which environmental water is used and managed could include:

- Development of a range of resources targeted toward local government and community stakeholders to
 - enhance water literacy
 - develop better understanding of the role of the CEWO
 - facilitate greater community involvement in and contribution to the management of Cth environmental water.
- Collaboration and investment between the CEWH, the MDBA, and the MDA in the development of regional plans by local government and community stakeholders that identify the issues and priorities of regional areas and identify key environmental activities and projects.
- Regional auspicing of community driven environmental activities in collaboration with local councils.
- Regional infrastructure – including investment in environmental tourism initiatives.
- Investment in a collaborative government/business & industry partnership initiative to drive and deliver efficiencies, such as the [South Australian River Murray Sustainability Program \(SARMS\)](#). Such activities would
 - contribute to long-term and Basin-wide environmental benefits
 - improve environmental water management
 - have strong community support
 - be undertaken collaboratively, and
 - be viable and cost-effective.
- Broad-based oversight of the work of the office, by way of a board comprising relevant stakeholders including independent experts may assist in improving community engagement and awareness of the way in which environmental water is used and managed; maximising the environmental and out benefits of environmental water; and in creating stronger interagency collaboration.

INFORMATION REQUEST 9

The Commission is seeking information on:

- a. *any inconsistencies between the various national water quality guidelines and the water quality management plan requirements in WRPs and whether these inconsistencies are being resolved and managed*
 - b. *the adequacy of the actions of water managers to achieve the water quality objectives of the Basin Plan.*
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The MDA welcomes the water quality target requirements of the WRPs and supports the obligations the Basin Plan puts on Basin States, river operators, environmental water holders and the managers of environmental flows to have regard to these targets when making flow decisions.

These targets will undoubtedly require revision as the WRPs are implemented, therefore the MDA supports the recommendation of the MDBA's Basin Plan evaluation that they be reviewed in 2020.

The MDA notes with concern current water quality issues in the lower Darling. The water quality issues reported in the lower Darling and affecting children through skin infections and bacterial meningitis require immediate investigation and any cluster diagnoses of water quality related infections and diseases should be reported as a matter of public interest, with steps taken to identify any causal links between these issues and changes to water availability due to the Basin Plan.

The MDA does not have the technical qualification to comment in any further detail here and would refer instead to established local government and water utility alliances.

INFORMATION REQUEST 10

The Commission is seeking information on:

- a. whether the Basin Plan trading rules advance the water trading objectives and outcomes stated in chapter 5 of the Plan*
 - b. whether changes to state trading rules made to date as part of implementation of the Basin Plan adequately recognise and protect the environment and third party interests*
 - c. whether implementation of the Basin Plan has improved access to market information and what further actions Basin States, irrigation infrastructure operators or the MDBA might need to take*
 - d. whether processes for reviewing Basin State trading rules — including the roles of the MDBA and the water trade working group — are sufficiently transparent, evidence-based and consultative.*
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Without commenting on the water trading rules specifically, we make the following comments

Water trading rules that support the free trade of surface water, that remove barriers to trade, and that facilitate unfettered trade opportunities for market participants does not appropriately value water.

Value is not the same as price, and valuing water is not inimical to equity, environmental sustainability or the human right to water.² However, encouraging the market to determine the 'best and highest value of water' in the complex, multi-jurisdictional, highly variable, water-scarce environment of the Murray-Darling Basin is proving a high-risk venture indeed.

With water availability threatening communities and economies in the Basin it is essential that Basin Plan trading rules consider explicit valuation of water to maintain a sustainable balance of agricultural productivity, and achieve optimal economic, social and environmental outcomes from water management and trading.

Feedback the MDA has received from its members is that in parts of the Basin there is a need for more equitable water trading rules. There is now a heavy reliance on water trade in the irrigation sector, with many farmers having sold their permanent entitlements during the Millennium Drought. This exposes irrigators to volatilities that they previously didn't face, hence the water trading system needs to be as equitable as possible to lessen some of this volatility.

² <http://www.aither.com.au/wp-content/uploads/2017/02/Aither-ThoughtPiece-ValueBasedWaterMgmt-Feb2017.pdf>

The 'first-in, first-served' model of water trade, whereby entire intervalley trade opportunities can be consumed by just one or two vast transactions seems inherently inequitable.

MDA supports seasonal allocation announcements being made as early as practicable, to provide the opportunity for better plan their farming program for the season ahead.

The MDA is concerned that there is insufficient planning and oversight of the approval processes for the establishment of new and emerging industries, particularly of permanent planting enterprises on water-stressed regions of the system.

For example - the growth of the almond industry on both sides of the Murray River downstream of Swan Hill has a direct impact on water trade, particularly trade from above to below the Barmah Choke.

The unregulated proliferation of permanent plantings also raises challenges for

- a) the sustainability of individual and multiple enterprises within particular trading zones
- b) planning for and management of regional infrastructure investments
- c) delivery of social and community services in response to new and emerging industries
- d) long term financial planning for local and state governments

Sleeper licenses - The MDA recommends a clear and transparent register of all available licenses amid concern that the sale and activation of 'sleeper' water licenses and the transfer of licenses to large water users may further impact the availability of affordable, secure water supply.

INFORMATION REQUEST 11

The Commission is seeking information on:

- a. *risks to meeting critical human water needs (CHWN) under the Basin Plan, how the Plan addresses these risks, and what, if any, further measures are required*
 - b. *any concerns about provisions in WRPs relating to CHWN under extreme conditions.*
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The MDA supports the Basin Plan requirement for the WRPs to include provisions for responses to extreme events, including severe droughts and water quality issues that threaten the supply of critical human needs.

The MDA does not have the technical qualification to comment in any detail here and would refer instead to established local government and water utility alliances. Many

The Commission is seeking information on:

- a. risks to the MDBA's ability to monitor and enforce compliance with the Basin Plan and WRPs from July 2019, and what, if any changes should be made to address these risks*
 - b. the extent to which non-compliance with the Basin Plan will be addressed by recent changes to compliance and enforcement announced by governments*
 - c. any further changes that should be introduced to increase water take compliance across the Basin.*
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The MDA recommends the establishment of a distinct division/enforcement agency within the MDBA to monitor and enforce compliance with the Basin Plan and WRPs from July 2019, that is adequately resourced and supported.

Risks to the MDBA's ability to monitor and enforce compliance may include

- a) Institutional inexperience. Compliance and enforcement is a distinct discipline of public administration that requires specific skills, experience, organisational culture, reporting and accountability requirements.
- b) Legislative and regulatory framework must be adequate to enable the department to monitor and enforce compliance.
- c) Harmonising legislation. For the model WHS laws to become legally binding, the Commonwealth, states and territories separately implement them as their own laws. The MDA recommends that laws overarching the enforcement of compliance with the Basin Plan be harmonised, and that model MDBP compliance laws be adopted for enforcement by an agency of the MDBA.

In relation the extent to which noncompliance with the Basin Plan will be addressed by recent changes to compliance and enforcement announced by governments, the MDA provides the following comments.

More effective measurement and management of environmental water will support stronger monitoring and compliance of and by other water users.

There must be effective regulation of the Barwon-Darling River System. The Water Sharing Plan areas may need to be redefined to better meet the objectives required under the Water Resource Plans and the long-term environmental watering plans.

The MDA agrees with the mix of environmental outcomes outlined in the NSW Water Resource Action Plan – but adds that more outcomes should be defined, including:

- Integrated management of environmental water and accountability around flows.
- Integration with defined social and economic impact targets.
- Enhancement of multiple uses of environmental flows.
- Greater reliance on local knowledge and cultural knowledge.
- Greater synergies between environmental benefits and cultural flows.
- Mitigation of adverse impacts by pulsing flows and finding a solution to bank degradation caused by these pulses.
- Mitigation of cold water pollution.

The MDA supports the following additional measures to better manage environmental water:

- Review of flow classes to better align with state and interstate standards.
- Review of changes to licence pumping heights and pump sizes.
- Adequate restrictions in periods of low flow.
- Consideration of salinity issues in weir pools.
- Better use of local government knowledge.
- All measures must aim to balance environmental, social and economic impacts.

TRANSPARENCY MEASURES

There appears to be an environment on non-compliance in some pockets, which it seems has been able to develop through a lack of effective monitoring and reporting mechanisms, as well as a lack of action on non-compliance.

Clearly there is a lack of a transparent system for identifying and reporting upon licence conditions, pumping rules and pump installations.

On the matter of what information should be included in a public register, the MDA believes:

- There needs to be a single point of access register that provides easily accessible information.
- Information about when pumping is and isn't allowed needs to be articulated in common language.
- There needs to be a greater alignment between interstate and interagency nomenclature.
- The MDA has been advocating for investment in enhanced water literacy across the Basin and has prepared several project proposals.

On what information should not be made public, the MDA believes:

- Commercial information that may risk the commercial competitiveness of a business should not be made public, however this would have to be stridently administered for commercial sensitivity not to provide a blanket avoidance of disclosure.
- Sensitive information should still be reported and monitored in live time by the relevant agencies.

On how the public register should be structured, the MDA believes:

- The register needs to be a single point of access for all data across the state, readily access through Google search-type tools
- There needs to be a function to search for information by region.

On how to improve information on when water can be taken, the MDA believes:

- The MDA supports a single point of access website. In areas with limited internet coverage, existing alternative means of access to this information should be maintained.

IMPLEMENTING THE NSW FLOODPLAIN HARVESTING POLICY

The MDA is concerned about the impact of diversions from the floodplain on the greater river system, the environment and other water users.

The NSW Floodplain Harvesting Policy was adopted in 2013 and updated to incorporate data collated and analysed since 2013.

It doesn't seem clear who is responsible for policing this take and regulating works on the floodplain. The MDA believes such works should be subject to rigorous permission processes and should go through a community consultation process.

The MDA believes rainfall collected in floodplain diversions should be included in the licensing framework and measured in entitlements.

WATER TAKE MEASUREMENT AND METERING

MDA members broadly support a no meter, no pump policy. This is required to restore accountability and confidence and trust in the Basin Plan. MDA members recognise the limitations of an absolute policy and agree that a metering target of 95 per cent of water take would be sufficient. All large irrigators should be metered completely, with no exceptions.

On what additional objectives should be considered, the MDA believes:

- There needs to be more interaction with local government, which can see and hear what is happening and is trusted to act with independence concerning pecuniary interests and conflicts of interest
- Local government could be resourced to assist with inspection, detection and prosecution.
- There must be appropriate penalty and prosecution frameworks in place.
- Action must be taken to inspect and remove illegal river diversions or blockages.
- The Barwon-Darling Water Sharing Plan needs to be independently reviewed.
- Changes such as the increase in pump sizes for A Class licenses need to be reviewed and previous pump sizes reinstated to protect environmental water and permit a more even flow of water to downstream irrigators.
- Licences should remain with the property they were issued to and not be transferrable;
- Greater independence and oversight of the relationship between Government and irrigators.
- Accurate and standardised metering is paramount. Meters must be maintained.

The MDA has commended the NSW Government for its work in developing the Water Reform Action Plan, and for its transparent and comprehensive approach to consultation.

INFORMATION REQUEST 13

The Commission is seeking information on:

- a. *how well current arrangements for monitoring, evaluation and reporting support the delivery of the objectives of the Basin Plan; and how they could be improved to increase the likelihood of the objectives being met*
 - b. *whether there is a clear delineation of responsibilities for monitoring, evaluating and reporting on the Basin Plan, and, if not, how it could be improved*
 - c. *the usefulness of the MDBA's Framework for Evaluating Progress and its recent application in evaluating the Basin Plan*
 - d. *how data and information obtained through monitoring, evaluation and reporting could be made more useful for decision making and evaluation of the Basin Plan (including how to make this data and information more outcomes-focused)*
 - e. *the general information required to provide confidence to communities and others that the Plan is being implemented well and is achieving its objectives*
 - f. *whether processes are in place to monitor key risks to the continued availability of Basin water resources.*
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The MDA recently welcomed the release of data by the MDBA showing the profound social and economic impacts of water recovery on Southern Basin communities.

The data was released by the MDBA in the form of [45 Southern Basin community profiles](#). It was collated as part of the MDBA's 2017 Basin Plan Evaluation and will form the basis of the Authority's analysis of the social and economic impacts of the Basin Plan on Southern Basin communities, due to be released in April this year.

The data shows unequivocally what Basin councils have long been saying – that water recovery is having a significant impact on local economies and communities.

The data shows that there has been a significant reduction in the agricultural workforce across Southern Basin communities over the past 15 years, and that there is a clear correlation between the loss of water and loss of jobs.

The MDA was, however concerned the significance of the data may be diluted by an over-emphasis on other factors impacting farming economies.

While recognizing that other factors cause change to our rural economic indicators, and these must be distinguished, any analysis of the social and economic impacts of the Basin Plan must clearly acknowledge the direct and the flow-on social and economic impact of water loss on our rural communities.

All governments - local, state and federal - need to work together to ensure that any further water recovery meets a fair and rigorous social and economic neutrality test, and that arrangements for monitoring, evaluation and reporting are reliable, objective and thorough.

Community confidence in the monitoring, evaluation and reporting of delivery against Basin Plan objectives could be enhanced by

- Independent assessment and peer review. MDBA is currently tasked with monitoring and evaluating its own implementation of the Basin Plan. The MDA has often argued that this place the Authority in an unreasonable position.
 - An agreed social and economic impacts assessment framework and consistent evaluation criteria.
 - Collaborative reporting with the CEWO on environmental objectives.
 - Greater utilization of the MOU between the MDBA and the MDA
 - A collaborative role for all three levels of government in the implementation of the Plan.
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INFORMATION REQUEST 14

The Commission is seeking information on:

- a. whether current institutional and governance arrangements provide for sufficient oversight of the plan and support engagement with the community*
 - b. whether there are risks to the achievement of the objectives of the Plan that arise from the current institutional and governance arrangements*
 - c. what improvements can be made to ensure that institutional and governance arrangements are fit for the next phase of implementing the Plan.*
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The MDA supports the MDBA's Basin Plan Evaluation 2017 recommendation that a review of governance is required to streamline arrangements, identify gaps, ensure that arrangements remain effective and to improve transparency, accountability and timeliness of implementation.

As stated above, The MDA is of the view that one of the most significant and fundamental risks to the effective implementation of the Basin Plan is the omission of local government from any formal role in the institutional and governance arrangements of the Plan.

Local government is the third tier of government in Australia and is the level of government most intimately connected with the local areas, ecosystems, topographies, communities, industries, and interests that make up Basin environment.

Local government is adroit and well equipped in balancing complex and often competing social, economic and environmental needs within and across their municipalities. They do this within legislated standards of discipline and governance.

Local government has the skill and institutional capacity to inform policy development, has rich and established regional networks that offer an invaluable interface and an effective resource for state and federal policy makers.

Local government has detailed knowledge and experience in identifying structural adjustment requirements and regional economic development opportunities. Local government also has data and lived experience of social and economic impacts upon their communities and the ability to identify and distinguish the drivers of those impacts.

The MDA recommends that local government be afforded a formal role in the implementation of the Plan and long-term management of the shared water resources, and that adequate resources are provided to enable local government to effectively perform that role.

CONCLUSION

The MDA would like to commend the Productivity Commission for its work to-date on the Murray-Darling Basin Plan five-year assessment, and we look forward to providing a positive contribution to the review as part of the stakeholder advisory panel.

Yours sincerely,

Emma Bradbury
Chief Executive Officer
Murray Darling Association