

Submission Number 014

Comment on the Panel's Draft Report

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As a person who lived for [REDACTED] in the days when salinity was the number one issue and rice farmers were just starting to laser level their land, I have a deeper understanding than many academics of the importance of community. The Panel's focus on Community is welcome.

I have been lucky also to have played a key role in the helping to establish the case for the development of robust water-right registers, the creation of the MDBA, the Water Act and quite a few of the policies that are now embedded in Federal and State legislation including much of the NSW Water Management Act of 2000.

As a result of this experience, I now spend much of [REDACTED] in other countries on the best way to provide access to and manage water. I might add that many of these people are now of the view that Australia is no longer a leader in the management of water resources. To an outsider looking in, a lot is wrong. The basics look right but somehow things are not working.

Key Observations

- 1) Against the background, I welcome the tone of the Independent Assessment Panel's Draft report. The report's second sentence says it all

"Technological change, shifts in consumer demand, changing trade patterns and climate change are among the many never-ending pressures that are transforming farms, supply chains, service industries and rural communities across the northern and southern Basins."

- 2) When I read much of the commentary on the "Basin Plan", I get the sense that these two words are used as a whipping horse for problems that have and are being caused by weaknesses in the Water Act, Federal Government Policy, State Legislation, State Policy, etc. The way forward is to fix these weaknesses and appropriately empowered, amend the Basin Plan

- 3) The Panel's observations about equity (the lack of it) are important also. Many of the programs put in place were designed to buy votes but, in doing so, have undermined the interests of others – including a significant subset of irrigators and a significant sub-set of community groups and regions.

- 4) The best solutions to these problems lie in changes to the fundamental structure of a few of the above arrangements and some astute shifts in strategy. As I work through the report, I suspect that the Panel may be starting to focus too much on tactics and not enough on the causes of the underlying problems.

A way forward

At the highest level and if asked to make one comment, it would be that water policy is one of a vast array of policy instruments available to government. It is important to remember Tinbergen's Nobel

Prize-winning advice that you need at least one instrument per objective and, also, the Mundell's assignment principle that states that instruments need to be assigned for greatest leverage and, once assigned, not used for a second purpose. This important advice was first provided just after World War II by Tinbergen and reinforced by Mundell towards the end of last century when governments were seeking work out how to manage inflation and is now being rediscovered as we deal with COVID-19.

In my view, getting the Basin Plan back on track is much easier than many think. At the highest level, there is a need for

- 1) Appointment of a permanent MBA Authority Chair with the skills and mandate to engage. It is inexcusable that that position has not been filled and that so many positions on the Board remain unfilled. The MDBA is not being allowed to do its job – I won't say why but everyone knows why.
- 2) A National Commitment to restart the search for excellence in all things to do with water entitlement, allocation and management arrangements. (While it has never been said, the Water Act and suite of government policies are inconsistent with the National Water Initiative.
- 3) Revisions to the Water Act, so that some extremely important processes can be and are managed properly – including community engagement processes. Others include extensions so that all forms on water use can be managed, introduction of a way to manage climate change properly and the use of state of the art water accounting mechanisms (In passing, let me comment that I think that this best led by an astute MDBA Chair not another Royal Commission or similar inquiry. The solutions are known, it is time for action.)

Request

I could go on but I sense it would be better to do develop this in discussion with the Committee as it seeks to finalize it's report. At this late stage and if there is an opportunity, I would welcome the opportunity to participate in a Zoom discussion with the Panel.