

Environmental water delivery



Compliance



Northern Basin initiatives



Sustainable diversion limit adjustment mechanism



Water recovery



Water resource plans



Australian Government



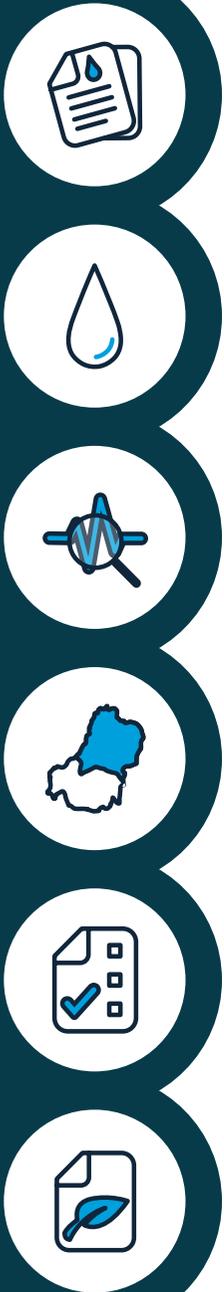
December 2019 Report Card

The past six months have been challenging across the Murray-Darling Basin for many reasons. Drought continues to worsen, and these conditions are amplifying and compounding water reform. As the drought continues, community tensions increase as people question water sharing arrangements, water markets, allocations, and the use of water for the environment.

We know communities across the Murray-Darling Basin are battling against one of the worst droughts on record and it's taking a toll on our landscape, people's businesses, mental health and morale. We're seeing widespread dust storms and bushfires, towns are running out of water, and our native fish are under threat. Some First Nations are telling us they're concerned about the quality of drinking water and the cultural wellbeing of their communities. There is no one this drought hasn't touched.

The Report Card is focused on Basin Plan implementation, but there are many other elements of water reform that are impacting on Basin communities. Since June, we have seen increased water prices, different allocations between the states, less water in storage, and in the north towns are running out of water. These are all serious issues that Basin governments are working on. This Report Card is focused on the Basin Plan and does not include tracking on other issues.

The scarcity of water makes implementing the next stage of the Basin Plan even more challenging. In these times, commitment to the Basin Plan is more important than ever. The Basin Plan is a long-term reform, and it requires the unwavering commitment of every Basin government—without this commitment Basin communities and our water resources will be more vulnerable in the future.

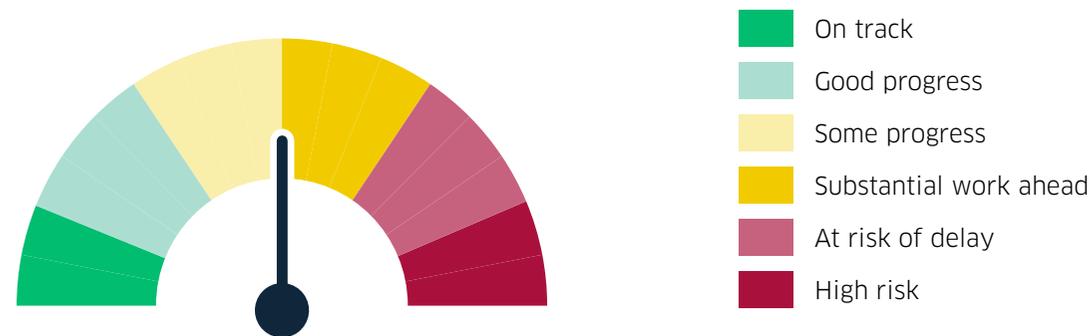


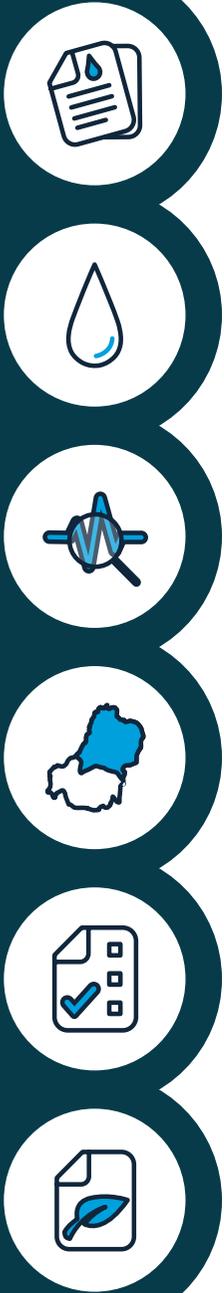
About the Report Card

The MDBA is an independent authority of the Australian Government, established to provide independent, expert advice on the development, implementation and enforcement of the Basin Plan. An important part of the MDBA's role is to assess and monitor the implementation and effectiveness of the Basin Plan.

This Report Card is the third in the series, responding to feedback from the community across the Basin seeking short, timely and accurate updates on progress. The Report Card includes some of the stakeholder feedback that the MDBA has been hearing over the past six months from the Basin Community Committee, MDBA Regional Engagement Officers, peak bodies, social media, and the public hotline and email inbox.

The second edition of the [Report Card released in July 2019](#) said some elements needed additional resourcing and immediate actions, and others were at risk of delay. Over the past six months, some elements have progressed well, but others remain at risk of delivery and delay. These elements are interconnected, the Basin Plan needs all these projects to progress to set the groundwork for a healthy and sustainable Basin.





Assessment

The MDBA assessed progress of six key elements of Basin Plan implementation. Some elements are on track, some need additional resourcing and immediate actions, and others are at risk of delay. These elements are interconnected, and the Basin Plan needs all to progress in order to set the groundwork for a healthy and sustainable Basin.



Water resource plans

Status: All plans from Queensland and South Australia are accredited. Plans from Victoria and ACT are well progressed, and should be assessed and accredited within the extended timeframe.



Water recovery

Status: Bridging the gap - Water recovery is very close to completion. Targeted local recovery needs to be fast-tracked to provide communities with certainty and conclude the program.



Compliance

Status: There is generally good progress against the compact commitments. All governments need to complete policies and frameworks, make them publicly available and deliver improved metering and measurement.



Water resource plans (NSW)

Status: NSW has 20 plans to submit before the end of the year. Quality plans will need to be submitted for assessment and accreditation before the next wateryear begins.



Sustainable diversion limit adjustment mechanism

Supply and constraints projects
Status: Complex projects are progressing very slowly and are at risk. Without implementation of these projects by 2024, more water will need to be recovered for the environment.



Planning and delivery of environmental water

Status: Water for the environment is critical during the drought, and the small amount of allocated water has been used strategically to improve river health for everyone.



Northern Basin initiatives

Status: Project progress at various stages, including new measures to coordinate and protect water for the environment and measures to protect native fish.

Efficiency measures
Status: The government has launched a new efficiency program, but of the 62 GL initially required under the adjustment only 1.3 GL has been recovered.



Priority one

Water resource plans

Water resource plans are an integral element of implementing the Basin Plan, as they set new rules for how much water can be taken from the system, ensuring the sustainable diversion limits in each area are not exceeded over time. The plans also ensure that state water management rules meet the Basin Plan objectives, and include new arrangements that strengthen water management at a local level.

Water resource plans are developed by Basin state governments, assessed by the MDBA, and accredited by the Australian Government minister responsible for water. There are 33 plan areas in total, 19 for surface water, 19 for groundwater and five that cover both.



MDBA assessment:

All plans from Queensland and South Australia are accredited. Plans from Victoria and ACT are well progressed, and should be assessed and accredited within the extended timeframe.



MDBA assessment (NSW):

NSW has 20 plans to submit before the end of the year. Quality plans will need to be submitted for assessment and accreditation before the next wateryear begins.

- At this stage, eight plans are accredited and are in operation. The MDBA's [water resource plan quarterly report](#) shows the plans from Queensland and South Australia have been accredited and the plans from Victoria and the ACT are accredited or in the final stages of assessment. The MDBA is confident these plans will be accredited and operational before the next water year begins.
- The NSW government has done significant work to prepare its required 20 water resource plans, and it is anticipated they will provide these to the MDBA by 31 December 2019 for assessment.



Priority one (continued) Water resource plans

- NSW was granted a ten-month extension to 31 December 2019. This extension gave them plenty of time to continue work on the plans, and the MDBA has been providing them with advice and assistance through the drafting period.
- For the MDBA to conduct assessment and recommend accreditation before the next water year, NSW will need to submit high quality documentation that is supported by appropriate consultation with stakeholders, including First Nations. Timely and thorough assessment poses a challenge for the MDBA.
- There may be circumstances where plans are either not submitted by the deadline, or do not meet the requirements to be accredited. In these instances, the MDBA will work closely with Basin governments to ensure the most practical and efficient pathway to accreditation, while ensuring Basin Plan requirements are met. Together, Commonwealth and State water ministers may agree the best process to achieve this.
- If a plan has not been submitted, or has not met the requirements of the Basin Plan, the MDBA has step-in powers under the Water Act that could only be used as a last resort.
- The Australian Government and NSW government agreed to provide more time for NSW to adequately review and license floodplain harvesting, and the implementation of the NSW Floodplain Harvesting Policy has now been delayed until 30 June 2021. The MDBA expects NSW plans to include updated estimates of floodplain harvesting prior to the Basin Plan, and it is likely these will need to be updated again once their full policy is implemented.

- For the bulk of plans that were not accredited by 1 July 2019, the Murray-Darling Basin Ministerial Council agreed to arrangements to ensure key elements of the plans were operational by the start of this water year. All the bilateral agreements were put in place within this timeframe, and the MDBA is now monitoring the sustainable diversion limits accordingly. Bilateral agreements have now been superseded by accredited plans.

Stakeholders are saying:

.....
Good to see some plans accredited and operational, after a long consultation and drafting process.
.....

First Nations values need to be well incorporated into water plans.
.....

We need to work together on floodplain harvesting, it's an important part of our business in the north.
.....

Priority two

Water recovery



The Australian Government runs a substantial water recovery program to achieve the sustainable diversion limits (SDLs) set out in the Basin Plan. The program, run by the Australian Government, involves a combination of water efficiency projects and purchasing of water licenses in the market. The water recovered under the program is passed to the Commonwealth Environmental Water Holder as licenses, who must use this water to achieve Basin Plan environmental watering objectives.

Bridging the Gap is the program to recover water against the target in the Basin Plan. In 2018 this target was revised to 2,075 GL/y as a result of two amendments to the Basin Plan.



MDBA assessment:

Bridging the gap –

Basin-scale water recovery is very close to full completion. Remaining targeted local recovery needs to be completed soon to provide communities with certainty.

Bridging the gap program

- This water recovery program needs to be finalised to provide certainty to Basin communities—the MDBA acknowledges this will be difficult to achieve in a time of drought.
- More transparency is required to provide confidence to Basin communities—progress on water recovery has not been publicly reported on since 31 March 2019.
- At a Basin scale more than 98% of recovery is complete—as of March, 2,082.0 GL/y of water has been recovered.
- There is still 51.6 GL/y that remains to be recovered to meet the target outlined in the Basin Plan.
- Local recovery needs to be completed, to provide communities with confidence that the bridging the gap recovery program has concluded.

Priority two (continued)

Water recovery



- With little recovery progress since March to October 2019, a recovery strategy needs to be brought forward to complete the task, especially local recovery in the Condamine-Balonne and the Namoi regions.
- Of the estimated recovery, 258.5 GL/y is still under contract with state governments, and has not been fully delivered.
- The revision of planning assumptions or 'cap factors' has been well progressed in all states—New South Wales and Victoria have released updated factors, South Australia's cap factors are expected to be finalised and published in early 2020. Queensland will also need to update its factors. The updated factors may require some further recovery in the southern Basin.

Stakeholders are saying:

.....
Be good to finish this recovery, and let our communities know its complete.
.....

.....
Recovery is confusing with two programs progressing at different stages.
.....

Priority three

Sustainable diversion limit adjustment mechanism



The Basin Plan sets [sustainable diversion limits \(SDLs\)](#), which are limits on how much water can be used in the Murray–Darling Basin, while leaving enough water to sustain the environment. In 2012, Basin governments asked the MDBA to include a mechanism to adjust SDLs in the southern Basin on the basis that there are better ways to run the system that still achieve equivalent environmental outcomes, with less water.

The [SDL adjustment mechanism](#) involves three elements that work together—namely ‘supply’ and ‘constraints’ projects that improve river management and achieve equivalent environmental outcomes with less water, and ‘efficiency measures’ that recover water for the environment, through modernised infrastructure that uses less water. Basin state governments brought forward 36 supply projects in May 2018, and the Plan was amended to include these. Basin state governments are responsible for the design and implementation of these projects, and the Australian Government will fund them. In 2024, the MDBA must make a final determination about the level of adjustment to the limits, based on the implementation of both supply and efficiency projects. If projects are not fully implemented, additional water recovery needs to occur.

Under the water efficiency program, \$1.5 billion has been set aside to recover 450 GL/y of water by 2024. As a first step, there is 62 GL/y required to enable the full SDL adjustment to occur.



MDBA assessment:

Supply and constraints projects

Complex projects are progressing very slowly and are at risk. Without implementation of these projects by 2024, more water will need to be recovered for the environment.

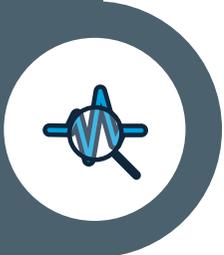
Efficiency measures

The government has launched a new efficiency program, but of the 62 GL initially required under the adjustment only 1.3 GL has been recovered.

- Steady progress is being made on the design and implementation of some projects, while others are falling behind—the delay of any project is putting the whole adjustment to SDLs at risk.
 - 16 projects are under construction, undertaking operational trials or in operation
 - 10 projects are on track and project design and implementation is occurring as expected
 - 10 projects are progressing slowly, due to their complexity and the MDBA is concerned about the delivery of these projects.
- Victoria and NSW have commissioned independent analysis of constraints modelling, which is expected to be presented to the Ministerial Council in December 2019. This review has delayed the NSW and Victorian constraints projects from further progression.

Priority three (continued)

Sustainable diversion limit adjustment mechanism



- About half the adjustment to the Basin-wide sustainable diversion limits at risk, due to slow progress of the ten larger and more complex projects.
- Basin state governments need to fast-track projects that have been delayed, to ensure the full adjustment to SDL can be achieved by 2024.
- The MDBA has developed a reconciliation framework to ensure there is a pathway forward to assess the effectiveness of implemented projects. The MDBA is currently seeking feedback from Basin states, and will release the framework in 2020.
- The Australian Government Department of Agriculture launched the new [‘water efficiency program’](#) in July 2019, which funds urban, industrial, off-farm, on-farm and metering water infrastructure projects across the Basin. Water savings from these projects the 450 GL of efficiency measures required under the Basin Plan with neutral or positive social and economic impacts. Delivery partners and project partners can now apply.
- Given the delay in recovery of 62 GL/y through efficiency measures, recovering the full amount of 450 GL/y may never be achieved. Public comment has been sought on four efficiency measure proposals – three from South Australia and one from Queensland. There are currently no registered projects under the water efficiency program.

Efficiency measures program

- For the 2019–20 water year the adjustment to sustainable diversion limits has been reduced from 605 GL/y to 544 GL/y to remain in line with the rules of the Basin Plan, and can only be adjusted up in the following water year as efficiency measures are implemented.
- Of the 62 GL/y the program aims to recover during the first phase, as at 31 March 2019 only 1.3 GL has been obtained and 0.7 GL contracted but not yet delivered.
- If 62 GL is not recovered through efficiency projects in the next 6 months the SDL adjustment will remain at 544 GL/y for the 2020–21 water year to remain in line with the rules of the Basin Plan.

Stakeholders are saying:

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We are concerned more water will need to be recovered if the large and complex projects don't go ahead.

.....

We remain concerned about an additional 450 GL of recovery, and impacts on communities.

.....

Consultation for projects is critical and needs to get underway.

.....

Priority four

Northern Basin initiatives

MDBA assessment:

Projects progress at various stages, including new measures to coordinate and protect water for the environment and measures to protect native fish.



A range of initiatives are underway in the northern Basin to better manage water for local communities, the environment and future generations. This includes a range of different projects, under what are known as the 'toolkit measures' and the 'Basin commitments package'.

The four-year review conducted by the MDBA into the northern Basin resulted in a 70 GL reduction to the 390 GL water recovery target in the north, on the basis that the NSW and Queensland governments adopted a range of ['toolkit measures'](#) with assistance from the Australian Government. The Basin Plan was amended in 2018 to reflect this outcome, and at that time the [Basin Commitments Package](#) was also announced with bilateral support for further initiatives. Following the Menindee fish death events and the Independent Panel review, the Australian Government also announced a response package, which includes significant funding to improve northern Basin monitoring and compliance, protect native fish and improve river management.

Together, all these initiatives are intended to protect water for the environment, improve compliance with water laws, improve river management across the northern Basin, and create opportunities for local communities, including First Nations.

- On 9 August 2019 all Basin governments agreed to a *revised Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin*, which outlines how Basin governments will work together to implement the northern Basin 'toolkit measures'.
- The New South Wales and Queensland governments have made good progress on the policy and management measures. Of the four such measures, two (the protection and coordination of water for the environment) have been operating since 2018 through a series of interim arrangements.
- Basin governments are working together to ensure that water for the environment is protected through:
 - water resource plans, which include the introduction of active management arrangements in some unregulated rivers of NSW.
 - the recent establishment of the Northern Basin Environmental Watering Group to ensure water for the environment is better coordinated across catchment and state boundaries.



Priority four (continued) Northern Basin initiatives



- In December, Mick Keelty AO released his [first year report](#) as the Northern Basin Commissioner. The report considers the role of all government agencies involved in water management in the northern Basin, and makes a number of recommendations about coordination, compliance, First Nations engagement, water for the environment and communications.
- The Commonwealth Environmental Water Office is working with states, particularly Queensland in the first instance, to clarify conditions on temporary/event based water trading mechanisms to supplement a flow event to enhance environmental outcomes. A framework is expected to be in place and operating in 2020.
- The first flush arrangements have been enacted, as rain meant that some rivers had water after being dry for some time, and the NSW regulator has been monitoring compliance with these arrangements. We now need to see arrangements built into water resource plans in NSW.
- Support works are on track to be delivered for cultural gatherings and low impact water recreation at Wilcannia and Cunnamulla.
 - For the Wilcannia wier, WaterNSW has been engaged to commence design work, and funding has been provided.
 - Funding of up to \$4.996 million for the Cunnamulla Hot Springs and River Walk Project has now been agreed. The Department of Agriculture is working with Queensland officials and the Paroo Shire Council to progress this project.
- Some measures under the Basin Commitments Package are progressing slowly—there has been no further progress on measures such as fish ways and the Gwydir constraints project.
- Basin governments need to fast-track the implementation of these measures to provide confidence to Northern Basin communities, many of which are suffering through one of the worst droughts on record.

Stakeholders are saying:

.....
We want more information on the progress with the implementation of the toolkit measures.
.....

.....
We want to be involved in the development and implementation of the toolkit measures.
.....

.....
Great to see new programs to better protect native fish.
.....

Priority five

Compliance

Effective compliance arrangements are critical to the success of the Basin Plan. Water users and the wider community need to have trust in the system. This includes confidence that the various water resource plans, rules and laws will provide adequate protection of water for the environment, while providing water users with certainty over their access arrangements. It also includes confidence that bad behaviour – water theft, illegal diversion structures, meter tampering – will not be tolerated.

In response to concerns over compliance raised in 2017, a number of reviews were undertaken, including one by the MDBA and an independent panel (for the Australian Government), by Ken Matthews AM (for the NSW government) and by an independent panel (for the Queensland government). Following the reviews, the focus of all Basin governments has been on improving the effectiveness of water compliance in a range of ways, particularly through commitments in the Basin Compliance Compact.



MDBA assessment:

There is generally good progress against the compact commitments. All governments need to complete policies and frameworks, make them publicly available and deliver improved metering and measurement.

- Basin states are generally making good progress against the compact commitments, and the MDBA is currently completing its annual assessment of outcomes and progress. The MDBA's performance is assessed by an Independent Assurance Committee.
- More work is needed to complete drafted policies and frameworks, and then to publish them so they are easily accessible to all water users. The MDBA hopes to see further progress regarding improved transparency, and that all compliance documents are publicly available as agreed in the compliance compact.
- The challenge is now to complete the implementation of compliance policies, with particular attention to the roll-out of improved metering and measurement of the use of Basin water resources.
- In August, Ministerial Council agreed to the appointment of an Inspector-General of Murray-Darling Water Resources to provide oversight of all the state and Commonwealth government agencies involved in water management, monitor compliance, and investigate compliance issues where appropriate. This role is currently held by Mick Keelty AO in the interim.

Priority five (continued)

Compliance

- Governments are implementing new non-urban water metering policies. Along with NSW, South Australia has now published its policy. Queensland is consulting communities on draft options for metering, and Victoria has drafted a new policy. All of these policies require meters to be certified to the Australian Standards. Due to a number of factors, including drought and the availability of larger meters, NSW has delayed the first three stages of its metering implementation plan, but still aims to meet its compact commitment by 2023 which is two years earlier than required.
- In October, the MDBA inadvertently released a draft technical report about satellite tracking of the northern Basin first flush event. The Commonwealth Minister requested the Inspector General to investigate the MDBA. The MDBA is changing its publication and compliance processes to prevent future errors of this kind.
- The government announced an Australian Competition and Consumer Commission's (ACCC) inquiry into the Murray Darling Basin water market. The inquiry will consider the water market and look at options to enhance their operations, transparency, regulation, competitiveness and efficiency. The ACCC released an issues paper in October and during November conducted extensive engagement with water users. The ACCC must provide an interim report on the inquiry by 31 May 2020, and complete the inquiry by 30 November 2020.

Stakeholders are saying:

We need the ACCC review to improve market transparency and compliance, quick response required.

All stakeholders need to be accountable, whether individual, corporation or government.

Inspector General needs to operate freely.



Priority six

Planning and delivery of environmental water

The health of our rivers is crucial for everyone in the Basin. Water for the environment is used to improve the health of our rivers, wetlands and floodplains, which benefits communities and industries. Water is allocated to environmental water holders across the Basin, who make decisions about when, where and how much water is released for the environment. They are allocated a water entitlement, like all other water entitlement holders.

The national environmental water holder is the Commonwealth Environmental Water Holder, which uses their entitlements across the whole Basin. The MDBA provides advice and guidance to environmental water holders on when and where to release environmental flows, primarily through the MDBA Basin-wide Watering Strategy and the Environmental Priorities.

In drought, water allocations are low for the environment as for all other entitlement holders. The environmental water holders have some carryover which they've been using during spring. Unless the drought breaks, there will be much less water for the environment for use in water years ahead. In times of drought, this water has a critical role.



MDBA assessment:

Water for the environment is critical during the drought, and the small amount of allocated water has been used strategically to improve river health for everyone.

- Water for the environment is critical during the drought, and over the past six months the environmental water holders have been using their water as intended—to preserve internationally significant environmental sites, create refuges for important native animals, and improve water quality in the Basin. A healthy river benefits all water users.
- During the past six months, some communities have questioned use of this water, culminating in a 60 Minutes episode airing about which the MDBA has subsequently lodged a [formal complaint](#) to appropriate authorities. Water for the environment has been recovered for times like this, when the environment is suffering it needs water, and all water users benefit from improved water quality and river health.
- During spring, the environmental water holders across the Basin joined together to support [southern spring flows](#) and a smaller Goulburn spring pulse. These events provided refuge habitats, improved water quality and built resilience for key threatened species in Barmah-Millewa, Werai and Koondrook-Perricoota forests, Gunbower forests, Hattah Lakes, Chowilla floodplains, Coorong and Lower Lakes.
- In the northern Basin, like most entitlement holders, the



Priority six (continued)

Planning and delivery of environmental water

allocation available to the environmental water holders are very small. Water holders chose to use their allocated water to support a watering event in the [Lachlan for environmental flows](#) during spring, which delivered water to build resilience in case conditions get worse, and to provide drought refuge when there is none further north. This water also helps communities through improved water quality and providing water in weirs.

- In April, the MDBA released the report cards for the [Living Murray Program](#) which focuses on restoring the health of six key environmental sites in the southern Basin. On-ground monitoring shows that water for the environment is improving the environmental health of these iconic sites.
- The MDBA will now report annually to the Commonwealth minister responsible for water about how Aboriginal people have been involved in water for the environment, and will provide information on the ways in which First Nations people have been involved in environmental watering for the 2018-19 water year. The MDBA is currently developing the report and it will be published once complete.
- The projects under the sustainable diversion limit adjustment mechanism (see section three – SDLAM), are vital to the future management and use of water for the environment—water needs to easily reach the places that are environmentally significant. Some of the significant projects continue to be a risk of delay and delivery.

Stakeholders are saying:

.....

Not sure what this water is achieving in drought. Need to understand outcomes.

.....

We learnt from the Millenium drought, this water is important for a healthy river.

.....

It was great to see water flowing up north in such dry times.

.....





Office locations

Adelaide
Albury-Wodonga
Canberra
Goondiwindi
Griffith
Mildura
Murray Bridge
Toowoomba

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