

Environmental water delivery



Compliance



Northern Basin initiatives



Sustainable diversion limit adjustment mechanism



Water recovery



Water resource plans



Australian Government



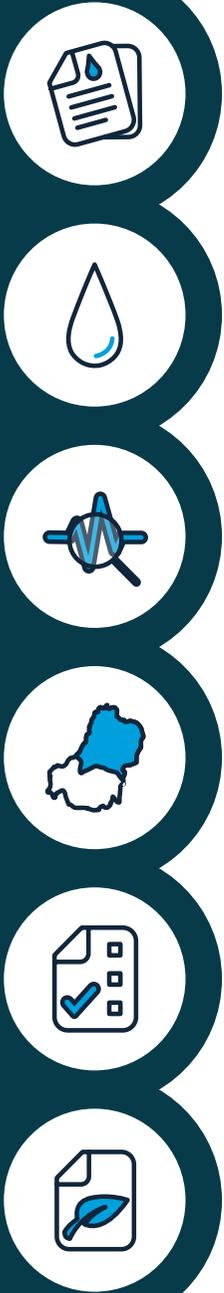
July 2019 Report Card

Drought is a significant issue for the Basin, and continues to impact on the environment, industries and communities. Some Basin towns are on water restrictions, and many farmers face the likelihood of very low to zero water allocations.

In drought, water quality becomes a major risk as flows become low or cease, causing water to stagnate and oxygen levels to drop. The fish death events in Menindee in December 2018 and January 2019 were due to low flows, sudden temperature changes, and poor water quality. The drought affects everything, and makes implementing the next stage of Basin Plan even more challenging.

The Murray-Darling Basin is the largest and most complex river system in Australia. The Basin Plan is a major reform agenda, agreed by the Australian Government and the governments of New South Wales, Queensland, South Australia, Victoria and the Australian Capital Territory. The Plan is intended to ensure that the water resources of the Basin are managed and used sustainably, in the national interest. Climate change is impacting significantly on the Basin, and the MDBA is conducting further work to consider these changes, and will be taking an adaptive management approach to adjusting to the future.

The Basin Plan is a long term reform, requiring the commitment and ongoing effort of all Basin governments. The current implementation phase of the Basin Plan will see a suite of projects to improve river management progressively implemented up to 2024. The Basin Plan is mid-way through, but there continues to be much work ahead.

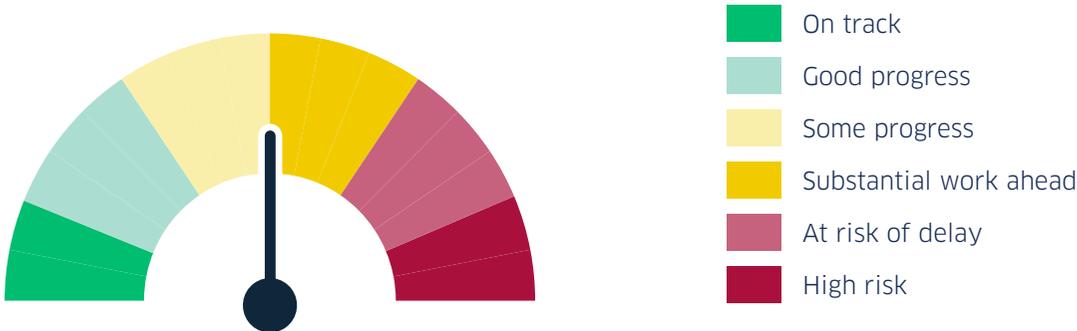


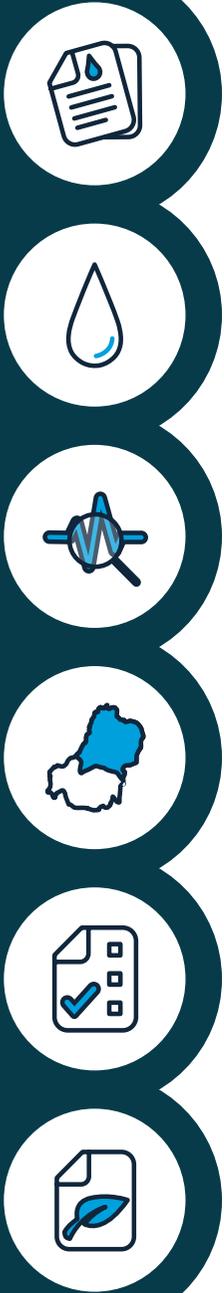
About the Report Card

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 second 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 in 2019 from peak bodies, the Basin Community Committee, MDBA's Regional Engagement Officers, public phone hotline and email inbox.

The first edition of the [MDBA Report Card](#), released in December 2018, assessed many elements as at risk of delay or delivery. Since this time, arrangements have changed, and now some projects are back on track. This mid-2019 edition focuses on the past six months of implementation and reform.





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: As anticipated, water resource plans were not completed by the original June 2019 deadline. Continued effort and commitment is needed to deliver these plans.



Water recovery

Status: Bridging the gap - Water recovery is close to completion, although some targeted local recovery still needs to be completed.



Compliance

Status: Governments continue to deliver against the Compliance Compact—additional resourcing and monitoring will strengthen compliance with water management rules across the Basin.



Northern Basin initiatives

Status: Some initiatives are progressing, others need fast-tracking and continued liaison with communities. Reforms to protect low flows and water for the environment need to be fully implemented.



Sustainable diversion limit adjustment mechanism

Supply and constraints projects
Status: Basin state governments are progressing some projects, others are developing slowly and need fast-tracking to achieve completion by the 2024 deadline.

Efficiency measures
Status: The required 62 GL/y of efficiency measures has not been recovered, and the SDL will adjust from 605 GL/y to 544 GL/y for 2019-20.



Environmental water delivery

Status: In drought, this water is working to protect habitats, but like all entitlement holders there is limited water available for use. Challenges with the delivery of water for the environment in the past year are concerning.



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:

As anticipated, water resource plans were not completed by the original June 2019 deadline. Continued effort and commitment is needed to deliver these plans.

- At this time, only one state plan has been accredited from the 33 plans required. South Australia's Murray Region plan, Queensland's Condamine-Balonne and Border Rivers-Moonie are currently with the minister for consideration. There have been 9 other plans submitted by state governments in the last 9 months that are now in the final stages of MDBA's assessment.
- NSW has requested extension for submission of their plans to December 2019. SA has requested extension for two of their plans for contingency planning to allow for assessment. These requests are currently being considered by the Commonwealth Minister.
- There remains significant work ahead for New South Wales, which under their extension, would need to submit all 20 of their plans by the end of 2019. If the agreed timeframe is met, assessment will be completed for all NSW plans by early 2020.



Priority one (continued)

Water resource plans

- At the Murray–Darling Basin Ministerial Council meeting in December 2018, Basin state governments agreed to enter into agreements with the Commonwealth to ensure key elements of the plans are operational from 1 July 2019, irrespective of the completion of plans. MDBA has signed bilateral agreements with all states to facilitate this.
- The Authority also published a public statement in February 2019, alerting Basin state governments to the Authority’s requirement to have key policy issues resolved, before accrediting a plan. This includes addressing floodplain harvesting, protection of water for the environment, and cultural values and uses of water, before the MDBA will recommend plans to the Minister for accreditation.

Key stakeholder issues

Water resource plans are a critical part of water reform, and we have high expectations.

We are concerned about the extent of and quality of Indigenous consultation.

Timeframes remain a concern.

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 Department of Agriculture, involves a combination of water efficiency infrastructure projects and the purchasing of water entitlements 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 a target in the Basin Plan. In 2018 the target was revised to 2075GL/y as a result of two amendments to the Basin Plan.



MDBA assessment:

Bridging the gap –

Water recovery is close to completion, although some targeted local recovery still needs to be completed.

Bridging the gap program

- This water recovery program needs to be finalised as quickly as possible to provide certainty to Basin communities.
- The Department of Agriculture recently published an updated water recovery progress report to March 2019. The estimated recovery amount is 2,082.0 GL/y on a long-term average basis, including 163.5 GL/y from state recovery programs.
- At a Basin scale there may be over-recovery. However, additional recovery is still required to meet the full recovery target:
 - Some areas of the Basin have not yet met their local recovery target, and there is a further 51.6 GL/y to be recovered in order to meet the full 2,075 GL/y recovery target.
 - Of the estimated recovery, 258.5 GL/y is still under contract with state governments, and has not been fully delivered.

Priority two (continued)

Water recovery



- The revision of planning assumptions or 'cap factors' has been well progressed in all states but will not be finalised until the completion of water resource plans. The updated factors may require some further recovery in the southern Basin.
- Governments need to prioritise finalising this recovery, to swiftly meet the target and complete this recovery program.

Key stakeholder issues

The social impact of water recovery has been too high in some regions.

We are hoping this program is resolved and concluded soon.

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, 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. Basin state governments brought forward 36 [supply projects \(including constraints measures\)](#) 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 the 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 to achieve improved environmental outcomes.



MDBA assessment:

Supply and constraints projects
Basin state governments are progressing some projects, others are developing slowly and need fast-tracking to achieve completion by the 2024 deadline.

Efficiency measures
The required 62 GL/y of efficiency measures has not been recovered, and the SDL will adjust from 605 GL/y to 544 GL/y for 2019–20.

- The MDBA is concerned that project progress is slow. There is a need for some Basin state governments to conduct adequate community consultation, before project design and delivery. Completing all of these projects by 2024 will be challenging.
- The Minister announced in mid-June that the first milestone payments have been made to Victoria and New South Wales. The MDBA notes funding arrangements have taken a significant time to finalise. Progress on project development was limited until funding agreements were established.
- Governments have been working on developing these projects since 2013 and it's now been 12 months since the amendment was made. While some projects require little or no further work, others require considerable effort to develop detailed designs and implement.

Priority three (continued)

Sustainable diversion limit adjustment mechanism



- Some of the projects were well progressed before the adjustment mechanism determination, including the rule change projects and the Nimmie-Caira project. These are now in the final stages of project delivery and should be complete in the coming months.
- In February 2019, the MDBA published the first [annual progress report](#) into the projects. The assessment noted progress in some areas, but also a substantial amount of work yet to be done, with some risks and challenges to the successful delivery of the whole program.
- Many of the projects are complex, need to address a number of risks, and include interdependencies – projects need to be managed and funded as a package.
- The fish death events in Menindee have highlighted community concerns with the Menindee Lakes Water Savings Project. This project is an important part of improved river management, and the MDBA notes further community consultation will be vital for the project to succeed.
- The Enhanced Environmental Water Delivery (EEWD) project is dependent on all the constraints projects being implemented and collectively they make a significant contribution to the adjustment. None of the constraints projects have progressed to design, and a funding proposal for EEWD is yet to be submitted. The MDBA notes that jurisdictions have come together to develop a coordinated work plan and risk management strategy for constraints projects, which should provide an agreed basis and equitable framework across jurisdictions for project implementation.
- The MDBA recognises that more work is needed to clarify the MDBA's approach to reconciliation. The MDBA has prioritised this work over coming months.

Efficiency measures program

- The efficiency measures program needed to recover 62 GL/y by 30 June 2019 in order for the full adjustment of 605 GL/y to occur for this water year. The program has been contentious, with only 1.3 GL/y recovered, and a further 0.6 GL/y contracted, but not yet delivered.
- For the 2019/20 water year the adjustment to sustainable diversion limits will be 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.
- Despite state government commitment, the MDBA remains concerned that project rollout and uptake has been slow and that projects proposed need to meet the criteria.
- As efficiency measures are completed this adjustment will gradually move back to 605 GL/y until 62GL/y has been recovered – at this time the 5% rule will no longer impact on the amount of the adjustment.
- In June 2018, the Ministerial Council noted that some state projects would be submitted to deliver the initial contributions to efficiency measures. The MDBA understands these programs are in the early stages of development.

Priority three (continued)

Sustainable diversion limit adjustment mechanism

- In December 2018, the Ministerial Council supported additional socio-economic criteria, and the Commonwealth Department of Agriculture will shortly begin the rollout of the program, with five types of projects eligible for consideration including on-farm, off-farm, urban, industrial and metering projects. The new criteria means the projects brought forward need to meet extensive requirements.

Key stakeholder issues

There are concerns about key projects like Menindee Lakes, and constraints projects.

Poor on-ground engagement can lead to a lack of trust in projects. Often technical 'water language' does not hit the mark.

With progress this slow, we are starting to wonder what happens if the projects don't deliver.

We are concerned about the social and economic impact of the 450 GL recovery, and don't want further water purchases.

The full 450 GL needs to be recovered to achieve the environmental outcomes of the Basin Plan.



Priority four

Northern Basin initiatives

MDBA assessment:

Some initiatives are progressing, others need fast-tracking and continued liaison with communities. Reforms to protect low flows and water for the environment need to be fully implemented.



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/y reduction to the 390 GL/y water recovery target in the north, on the basis that the New South Wales 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's response, 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 will better protect water for the environment, improve compliance and monitoring with water laws, improve river management across the northern Basin and create opportunities for local communities, including First Nations.

- Good initial progress has been made on the implementation of some of the toolkit projects, particularly with the protection and delivery of water for the environment. The policy changes are well advanced and the MDBA reaffirms the critical importance of implementing these water reforms including the protection of low flows before the end of 2019.
- Progress with other projects has been slow, particularly the package of infrastructure measures—this should be a key focus for governments for the remainder of 2019. A framework for prioritising projects has been completed, and the final toolkit package is expected to be settled towards the end of 2019. The Department of Agriculture has now made 8% of the toolkit funding available to assist Basin states to prepare business cases for these projects.



Priority four (continued) Northern Basin initiatives

- The commitments package projects are progressing. This includes continued activity and reporting from Mick Keelty as the Northern Basin Commissioner, with the Commissioner's six monthly report submitted to the Minister on 12 March 2019. Two full-time cultural flows officers have commenced with the Murray Lower Darling Rivers Indigenous Nations and the Northern Basin Aboriginal Nations, funded by the Australian Government for 3 years.
- Further work is required to understand the connectivity of the northern Basin and the coordination of flow events. The MDBA notes this remains a priority, and must remain a clear focus in implementation.
- The Australian Government announcements in response to fish deaths will strengthen many of the existing northern Basin initiatives, and expand activities. Together, as a whole, all these initiatives represent an extraordinary opportunity to improve and modernise northern Basin river operations.



Key stakeholder issues

.....
The pace is too slow, we are looking for more information and progress.
.....

We need certainty that these changes will ensure flows reach the Barwon-Darling, and potentially flow through to the Lower Darling.
.....

Can governments pull together and work on these initiatives to achieve real outcomes.
.....

The community needs to be more involved.
.....

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:

Governments continue to deliver against the Compliance Compact—additional resourcing and monitoring will strengthen compliance with water management rules across the Basin.



- The first [Murray-Darling Basin Compliance Compact Assurance Report](#) was published by the MDBA in December 2018. The assessment identified good progress against the Compact commitments by most states. The MDBA is looking for additional information in the next progress report in December 2019 and is particularly keen to see greater transparency from some states.
- The MDBA conducted an [audit of trade price](#) reporting released in May 2019, and found that none of the Basin states has robust arrangements to gather comprehensive price information. The audit provides detailed recommendations and will be provided to the ACCC, which has been requested by the Australian Government, to conduct an inquiry into the water market.
- Basin states' progress to implement improved metering is at various stages:
 - New South Wales has legislated new metering requirements, with roll-out beginning December 2019 for the largest water users. This should be fully implemented by 2023.

Priority five (continued)

Compliance

- South Australia requires that new and replacement meters meet the Australian Standard after 1 July 2019.
- Victoria is currently consulting on its new metering policy, which will meet their Compliance Compact commitments.
- Queensland has advised that they have new metering regulations in development.
- The ACT policy requires meters that meet the Australian Standard.
- The MDBA has published a list of [pattern approved 'Non-Urban' water meters](#), which will assist manufacturers to market, and water users to identify pattern approved meters which will comply with the Australian Standard.
- NSW, together with MDBA, commissioned an independent review of the Floodplain Harvesting Policy in northern NSW. The independent reviewers draft report has been published and public feedback was sought in May 2019, to be followed by public meetings in 2019.
- NSW's Natural Resources Access Regulator (NRAR) has had an effective on-ground compliance and investigation presence in NSW in its first 12 months of operation.
- The MDBA used satellite monitoring systems to monitor flows in the northern Basin after rain events in March 2019. The MDBA is developing methods to increase its use and application of satellite technology for a range of compliance purposes across the Basin.

Key stakeholder issues

.....
All water take should be metered. Why has it taken so long.
.....

Markets appear not to be delivering the outcomes expected.
.....

The Northern Basin Commissioner has played an important high level role in reporting on progress and issues with compliance over 2018–19.
.....



Priority six

Planning and delivery of environmental water

Water for the environment is used to improve the health of our rivers, wetlands and floodplains. This water benefits the fish, animals and plants that depend on healthy rivers to feed, nest and grow, including protecting iconic sites. Water is allocated to environmental water holders, 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 Environmental Watering Strategy and the Basin Annual Environmental Watering Priorities.

In drought, water allocations are low for the environment, like for all other entitlement holders. The environmental water holders have some carryover, which they preserved for this year, but unless the drought breaks there will be much less water for the environment for use in the water year ahead. In times of drought, smaller amounts of water for the environment have a critical role—used to preserve wetlands, refuges for animals, and protect important habitats.



MDBA assessment:

In drought, this water is working to protect habitats, but like all entitlement holders there is limited water available for use. Challenges with the delivery of water for the environment in the past year are concerning.

- In drought conditions, allocations to environmental water holders will be low, and use of these allocations will need to be carefully prioritised.
- The fish death events demonstrate that much of the river system is experiencing stress. Environmental water holders have been working together to coordinate use of water for the environment to protect some important fish refuges and habitats in key areas of the Basin.
- The government has announced the development of a \$5 million Native Fish Management and Recovery Strategy. This strategy will assist in coordinating research and initiatives to protect and restore native fish populations, including use of water for the environment.
- The environmental water holders coordinated a modest release of water in the northern Basin with the last remaining held environmental water in the north. The Barwon River had not flowed for over 200 days, drying out in areas—this has resulted in poor quality waterholes and threatening the survival of native fish in the region.



Priority six (continued)

Planning and delivery of environmental water

The flow began in April and is running into July 2019 supporting the health of the Dumaresq, Macintyre, Mehi and Barwon river systems.

- The MDBA has independently assessed the pre-requisite policy measures and has determined they are operational. These measures include instruments that account for and protect return flows of water for the environment, and instruments that allow piggybacking on unregulated events. Ongoing work is needed by Basin state governments to ensure measures are refined and improved, as part of an adaptive management approach.
- At the Ministerial Council meeting in December 2018, the Commonwealth Environmental Water Holder noted there had been challenges in delivering water for the environment because of limited channel capacity. The shortfall in delivery capacity impacted on the environmental benefits that could be achieved this season from Hume Dam to the Murray Mouth. Ministers requested that urgent work be conducted by the MDBA, in conjunction with the states, to address River Murray deliverability challenges, for all users. The MDBA will present the first stage of this work to the next Ministerial Council meeting.
- The MDBA is also considering the impact of drought conditions on the environmental health of the Basin. The MDBA recently released the [Basin Environmental Watering Priorities for 2019-20](#), with the focus on using the limited water available to protect the refuges and habitats for the Basin's plants and animals. Noting, like all entitlement holders, there is less water available for use in drought.

Key stakeholder issues

With fewer rainfall events, opportunities to manage environmental flows become more critical. We need to get this right.

We are concerned about channel capacity in the River Murray, and high occurrence of flooding of Barmah-Millewa forest.

There are positive outcomes from environmental watering events that need to be shared.





Office locations

Adelaide
Albury-Wodonga
Canberra
Goondiwindi
Toowoomba

 mdba.gov.au  1800 230 067  engagement@mdb.gov.au