



Australian Government



# Submission to the Productivity Commission's Draft Report

Murray–Darling Basin Plan: Five-year  
assessment

October 2018

Published by the Murray–Darling Basin Authority  
MDBA publication no: 28/18  
ISBN (online): 978-1-925599-97-8



GPO Box 1801, Canberra ACT 2601  
engagement@mdba.gov.au



1800 230 067  
mdba.gov.au

© Murray–Darling Basin Authority 2018

### Ownership of intellectual property rights



With the exception of the Commonwealth Coat of Arms, the MDBA logo, trademarks and any exempt photographs and graphics (these are identified), this publication is provided under a *Creative Commons Attribution 4.0* licence. (<https://creativecommons.org/licenses/by/4.0>)

The Australian Government acting through the Murray–Darling Basin Authority has exercised due care and skill in preparing and compiling the information and data in this publication. Notwithstanding, the Murray–Darling Basin Authority, its employees and advisers disclaim all liability, including liability for negligence and for any loss, damage, injury, expense or cost incurred by any person as a result of accessing, using or relying upon any of the information or data in this publication to the maximum extent permitted by law.

The Murray–Darling Basin Authority's preference is that you attribute this publication (and any Murray–Darling Basin Authority material sourced from it) using the following wording within your work:

### Cataloguing data

**Title:** Submission to the Productivity Commission's Draft Report, Murray–Darling Basin Authority Canberra, 2018. CC BY 4.0

### Accessibility

The Murray–Darling Basin Authority makes its documents and information available in accessible formats. On some occasions the highly technical nature of the document means that we cannot make some sections fully accessible. If you encounter accessibility problems or the document is in a format that you cannot access, please contact us.

### Acknowledgement of the Traditional Owners of the Murray–Darling Basin

The Murray–Darling Basin Authority pays respect to the Traditional Owners and their Nations of the Murray–Darling Basin. We acknowledge their deep cultural, social, environmental, spiritual and economic connection to their lands and waters.

The guidance and support received from the Murray Lower Darling Rivers Indigenous Nations, the Northern Basin Aboriginal Nations and our many Traditional Owner friends and colleagues is very much valued and appreciated.

Aboriginal people should be aware that this publication may contain images, names or quotations of deceased persons.

# Contents

- Summary ..... 3
  - Governance ..... 5
  - Monitoring, evaluation and knowledge ..... 6
  - Assessment framework for trade restrictions..... 7
  - Compliance policy ..... 8
  - Water recovery / efficiency measures ..... 8
- Extension of timeframes ..... 10
  - Water resource plans ..... 10
  - Sustainable Diversion Limit adjustment projects..... 11
- Planning for environmental watering ..... 12
- Changes to the structure of the Murray–Darling Basin Authority ..... 12
- River Murray capacity issues ..... 13
- Progress on issues raised ..... 14
- Conclusion ..... 15

# Summary

The Murray–Darling Basin Authority (the Authority) is pleased to provide a response to the findings and recommendations of the Productivity Commission’s draft report *Murray-Darling Basin Plan: Five-year assessment*. Together with our original submission and our ongoing interactions with the Productivity Commission we hope this submission will inform the final report.

The Authority also hopes the Productivity Commission’s final report will provide clear recommendations as to how best to improve the effectiveness of the implementation of the Basin Plan and water resource plans as required under section 87(1) of the *Water Act 2007*.

We thank the commissioners for their diligent and robust reporting. We agree there are key challenges with many areas of our work and agree there is a need for a reinvigorated approach.

In 2017 the Authority undertook an evaluation, which assessed progress of the first five years of the operation of the Basin Plan. The Authority also completed the Murray–Darling Basin Water Compliance Review. Many findings and recommendations in the Productivity Commission’s draft report align with, and build upon, the conclusions of these reviews.

The Authority also acknowledges the considerable efforts made by all Basin governments, stakeholders and Basin communities to achieve the significant and practical progress in Basin Plan implementation. The wholesale reform of the management of a shared, highly valued and contested water resource is a huge undertaking and Australian governments have led the world in water reform over the past two decades. The significant progress made to date is noted in the draft report.

The Authority fully supports the Productivity Commission in pointing to the need for greater alignment between Basin governments, and the need to deepen the collective culture of a shared purpose. A stronger, more collaborative and cooperative approach from all governments is needed to fully realise the outcomes for all Australians through delivery of this enduring, long-term reform.

The Authority:

- *supports the Productivity Commission’s view that all Basin governments need to take a stronger leadership role in implementation*
- *agrees that the expertise-based Authority will be critical in supporting this and, where required, will continue to show leadership to resolve policy tensions between jurisdictions*
- *agrees that more work and greater investment is needed to support monitoring and evaluation. The Authority has begun, in consultation with Basin governments, to develop a revised evaluation framework*
- *has commenced work on developing an assessment framework to evaluate the consistency of state water trade restrictions with the Basin Plan*
- *will provide assurance, through the work of its Office of Compliance, that Basin water resources are managed in accordance with the Basin Plan and state legislation.*

While many improvements are underway, Basin governments must maintain their commitment to implementation of **all** requirements of the Basin Plan. The Authority:

- *acknowledges significant progress towards the Basin Plan's water recovery target. However, greater focus is required to ensure all recovery commitments are delivered on time*
- *highlights the interdependency and importance of all elements of the Sustainable Diversion Limit Adjustment Mechanism being delivered including supply, efficiency and constraint measures*
- *strongly supports the timeframes outlined in the Basin Plan to accredit quality water resource plans and implement supply, efficiency and constraints projects*

The Authority accepts that there is room for improvement in the implementation of the Basin Plan. This is a responsibility and obligation for all participating governments and agencies, including the Authority. We accept this responsibility and will continuously assess the ongoing implementation of the Basin Plan. Internal and external reviews and evaluations of our programs and approaches are undertaken regularly, including independent audits. This has led to improvements in our work, and the evolution of our approaches, methods and tools.

That being said, there are other recommendations in the draft report that the Authority does not consider to be necessary. In particular the Authority:

- *does not support delays to timeframes. While recognising that past delays have resulted in very challenging future timeframes, our experience in implementing the Basin Plan has shown formal, wholesale extensions of time of the sort outlined by the Productivity Commission have yielded little additional benefit. The Basin Plan has a 12 year implementation timeframe. It is, and will continue to be, a very difficult and hotly contested reform process. It is difficult for any institution or government to maintain the reform momentum over such a time frame. Hard interim deadlines and gateways focus all governments on the delivery of the tasks they have committed to deliver.*
- *does not support structural change to the agency. This is a blunt and premature solution, which has the potential to undermine the successful implementation of the Basin Plan.*
- *does not agree that institutional changes will be needed to underpin reforms to the way the River Murray system is managed as a whole.*

In addition the Authority would welcome the Commission examining other areas that have the potential for improving the implementation of the Basin Plan and water resource plans and have not been addressed in the draft report. Based on our experience over the last five years and recent reviews, we would welcome the Commission's views on:

- *Effective options and methods for improving the level of knowledge and how best to fill gaps in research. In particular, full and effective implementation of the Basin Plan would be greatly assisted by deeper knowledge of the adequacy of current arrangements in providing for healthy and resilient ecosystems, particularly in the face of climate change.*
- *There is also a need for increased awareness of how best to bring forward and encourage activities (such as integrated catchment management) that will complement the use of water for the environment so that we can achieve a truly healthy, working Basin.*
- *This extra research and knowledge would build capability for future monitoring and evaluation of progress, enabling better, more targeted and detailed monitoring and*

*evaluation. The extra knowledge this research will yield will also guide the next stage of long term policy development.*

- *The capability and capacity of all governments and their agencies to deliver the planned reform within existing resources. Simply exhorting participating governments to “demonstrate strategic leadership” is not a solution in the management of a shared and valuable natural resource that spans several jurisdictions.*

In summary the Authority, while welcoming the majority of the recommendations in the draft report, is concerned that some recommendations, if accepted, will inadvertently undermine successful implementation of the Basin Plan. This is particularly the case with recommendations that seek to delay or question core elements of the Basin Plan. This includes recommendations relating to water resource plans and the Sustainable Diversion Limit Adjustment Mechanism—particularly the implementation of the supply and efficiency measures. Recent experience has shown certainty and sticking to the milestones within the Basin Plan is the best path forward.

## Governance

*(In reference to Chapter 14 of the Draft Report — Institutions and governance)*

*The Authority agrees that the current governance arrangements could be improved. An approach underpinned by collaboration and joint responsibility is fundamental to success.*

The Authority notes that Mr Greg Claydon has been appointed by the Department of Agriculture and Water Resources to undertake a review of Murray–Darling Basin Joint Governance Arrangements, as agreed by Ministerial Council on 8 June 2018. This arose from a recommendation of the Murray–Darling Basin Water Compliance Review, undertaken by the Authority. The Claydon review seeks to ensure that all those with implementation obligations are engaged, statutory roles are respected, decisions are better integrated, and transparency is improved. Efficiency, clear authority for decisions and having all relevant expertise in the room are all aspects that could be improved. It is hoped this review will examine these aspects in more detail.

Mr Claydon is expected to present his draft findings to the Basin Officials Committee meeting in February 2019. We suggest this review is best placed to examine in detail, and provide recommendations on, how to improve joint governance.

The Authority agrees with the Commission that an approach underpinned by collaboration and joint responsibility is fundamental to success.

Governance and implementation arrangements must also be resilient to the inevitable presence of policy tensions. At the highest level, the required agreement is in place as evidenced by the *Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin* (2013). The Authority acknowledges the role of and the Ministerial Council and the Basin Officials Committee in addressing tensions and obstacles to Basin Plan implementation.

However, state representatives from both governing bodies are faced with the dilemma of balancing the best interests of their constituents with the need to develop a common purpose and vision for the whole of the Basin. As a result, the commitment to a way forward in many areas of Basin Plan implementation can be fraught. For example, in recent years, conflict over the operation of the Sustainable Diversion Limit Adjustment Mechanism, including the commitment to 450 gigalitres (GL) of efficiency measures, has slowed progress in some key aspects of implementation.

As an independent statutory agency the Authority has a key role in helping to resolve tensions that emerge between jurisdictions. Recent examples where the Authority has done this include the successful completion of the Northern Basin Review (NBR), assistance with the achievement of the SDL adjustment of 605 GL, and providing pro-active assistance in the completion of water resource plans.

The Authority also has a role as a sophisticated and mature regulator. It must be collaborative and build enduring relationships. It must also provide full, frank and fearless advice to all stakeholders and the Australian community, including reporting transparently on the implementation of all aspects of the Basin Plan.

The Murray–Darling Basin Authority was established as the independent statutory authority to represent the whole Basin and to fulfil both of these roles. The Authority’s critical role in this space as an independent, expertise based advisor, is to provide leadership, assurance and transparency. It is a relatively new body, and will develop further as it matures into its full regulatory role beyond mid-2019 as water resource plans come into effect. Our roles and responsibilities will evolve as the key elements of the Basin Plan are in place. As an independent voice in the Basin, the Authority must call out poor performance, offer innovative solutions and provide the transparency expected by communities and stakeholders. To this end, the Authority intends to release periodic updates that outline progress in implementing the various ‘moving parts’ of the Basin Plan and related initiatives and will hold governments accountable for their respective roles in implementation.

The Authority’s functions and structure are consistent with contemporary regulatory practice in managing complex trans-boundary natural resource management issues.

## Monitoring, evaluation and knowledge

*(In reference to Chapter 13 of the Draft Report — Reporting, monitoring and evaluation)*

*The Authority agrees that more work and greater investment is needed on monitoring and evaluation and has begun, in consultation with Basin governments, to develop a revised evaluation framework. Work is already underway with Basin governments to address knowledge gaps, however the implementation of these strategies is likely to need additional funding to adequately address the identified gaps in knowledge.*

The draft report raises concerns around the Authority’s Basin Plan evaluation framework. The Authority agrees that more work is needed in this area and has begun to develop a revised framework, in consultation with Basin governments. The revised framework will more clearly identify the evaluation purpose, themes, questions and approach, and define a process for aligning questions

and information requirements. Within the framework a detailed plan will specify how water resource plans will be evaluated, including what questions will be asked, and the approach taken.

The draft report also notes the importance of collecting information to answer evaluation questions set out in the framework, including addressing any knowledge gaps. The Authority recognises the importance of a coordinated and strategic approach to research and monitoring activities, particularly in constrained funding environments.

Work is already underway with Basin governments to address knowledge gaps—for example, the development of the Basin Science Platform is in progress. The Authority is also implementing a Knowledge Acquisition Strategy that involves cooperation, collaboration and, where appropriate, co-investment with Basin governments. However, even with improved coordination and collaboration, implementation of these strategies is likely to need additional funding to adequately address the identified gaps in knowledge. A particular focus will be to understand and evaluate expected system-scale outcomes that cannot be derived from the summation of current site/asset-based studies. System scale analysis of this kind would complement existing site/asset-based evaluations.

Should any additional research funding be made available, sound governance arrangements are needed to ensure a coordinated and strategic approach to addressing priority knowledge gaps relevant to future Basin Plan implementation, evaluation and review.

## Assessment framework for trade restrictions

*(In reference to Chapter 10 of the Draft Report —Water trading rules)*

*The Authority has commenced work on developing an assessment framework to evaluate the consistency of state trade restrictions against the Basin Plan. We will assess these restrictions under the framework and publish any determinations made and the reasoning for them.*

The Authority supports the need for improvements to transparency that will assist water users and traders to make decisions, while appropriately managing sensitive water market information.

To assist in this goal, the Authority has commenced work on developing an assessment framework to evaluate the consistency of state trade restrictions under Basin Plan requirements, which will be published when completed. Once it is in place, the Authority will assess state trade restrictions under the framework and publish any determinations made and the reasoning for them.

The Authority's compliance framework will also include processes and procedures for how it will investigate and resolve all Basin Plan compliance matters in a thorough and timely manner, including breaches of the water trading rules.

# Compliance policy

*(In reference to Chapter 12 of the Draft Report — Compliance)*

*The Authority will provide assurance that Basin water resources are managed in accordance with the Basin Plan. The Authority's position that Basin state governments have front-line responsibility for water compliance, including enforcement of illegal take, is clearly outlined in its Compliance and Enforcement Policy.*

In 2017, the Authority publicly recognised that we had given insufficient attention to the need for a clear statement of our compliance role and meeting community expectations in responding to allegations of water theft in the Basin.

Over the last 12 months the Authority has moved quickly to improve the agency's resourcing, capability, and focus on compliance to address shortcomings and clarify the pathway forward. As requested by the Prime Minister, we undertook the [Murray–Darling Basin Water Compliance Review](#). Since its publication in November 2017, we have begun implementing the recommendations to restore community confidence.

The Authority has established an Office of Compliance responsible for managing all compliance activities, including audit, investigation and management of non-compliance cases. The Office has developed a compliance policy and a first set of annual priorities. It has also implemented a protocol for handling allegations of non-compliance.

The Authority's role is primarily to provide assurance that the Basin's water resources are being managed in accordance with the Basin Plan, including whether there are effective water compliance and enforcement systems in place. Such assurance is critical to the Authority's role in enforcing and maintaining the integrity of sustainable diversion limits and the Basin Plan. The first assurance report will be published by 31 December 2018.

# Water recovery / efficiency measures

*(In reference to Chapters 3 and 5 of the Draft Report — Recovering water for the environment and Efficiency measures)*

*The Authority acknowledges the significant progress towards the Basin Plan's water recovery target. Focus needs to be maintained to ensure all recovery commitments are delivered on time. This includes progress to the first 62 GL of the efficiency measures. Implementation of constraint relaxation projects will ensure the recovered water can be used effectively to achieve environmental outcomes.*

The draft report notes that good progress has been made on water recovery to date. Basin state governments in the southern Basin have also taken advantage of the opportunity provided in the Basin Plan to reduce water recovery, while maintaining environmental outcomes, through the operation of the Sustainable Diversion Limit Adjustment Mechanism.

The mechanism to adjust sustainable diversion limits was developed and included in the Basin Plan with two separate, but related, functions. These functions operate in parallel: on the one hand the volume of water recovered for the environment may be adjusted, as long as (on the other hand) this can be achieved with neutral or beneficial socio-economic impacts. The adjustments are facilitated through supply projects, efficiency projects and the relaxation of constraints.

In 2017, the Authority made its determination to increase sustainable diversion limits in the southern Basin by 605 GL. This increase will improve socio-economic outcomes, while delivering equivalent environmental outcomes. The first element—the increase in sustainable diversion limits—can be achieved through the implementation of supply projects and efficiency projects. Progress on the second element—efficiency measures that achieve 450 GL of water for the environment—by states has been slow. The Commission’s draft report could be read as giving the impression that efficiency projects are an optional component of the adjustment to sustainable diversion limits, rather than an integral component. The Authority does not support a proposition to delay or disregard this element of the SDL Adjustment Mechanism, even if it is challenging to implement.

The Authority fully supports all aspects of the SDL Adjustment Mechanism, as outlined in the Basin Plan in 2012. It is essential for the SDL Adjustment Mechanism to achieve its intended goals—improving both environmental and socio-economic outcomes. As implied elsewhere in the draft report, Basin governments are encouraged to ‘step up’ and take a stronger leadership role in implementing both the supply and efficiency components of the reform.

The adjustment to sustainable diversion limits is constricted within the Basin Plan to five per cent (or 543 GL) of the Basin-wide SDL. Because of this, Basin governments must find at least 62 GL of efficiency measures to add to the register by 1 July 2019. Without this water, the full 605 GL supply offset of the 2017 determination will be restricted to 543 GL.

Efficiency measures aim to provide 450 GL more water for the environment. The draft report concludes that Basin governments may want to revisit the decision to achieve the 450 GL of water through efficiency measures on the basis that this is reliant on the relaxation of constraints. The Authority notes that the Commonwealth Parliament has considered these arguments in the context of tabling of the amendments to the Basin Plan in 2018. The outcome reached, after the Senate’s consideration of the amendments during the disallowance debate, was to support implementation of the adjustment to sustainable diversion limits in full—encompassing supply, efficiency and constraint measures. The Authority supports the bi-partisan position reached—all measures are interdependent and all are required to achieve Basin Plan outcomes.

The linkages identified by the Productivity Commission between the various elements of the SDL Adjustment Mechanism emphasises the importance of states prioritising the delivery of their constraint relaxation commitments. Constraint relaxation allows water for the environment to be delivered when and where it is needed and is crucial to delivering Basin Plan environmental benefits,—this includes, but is not limited to, delivering the 450 GL of water that is obtained through efficiency measures.

# Extension of timeframes

*(In reference to Chapters 4 and 6 of the Draft Report — Supply measures and Toolkit and Water resource planning)*

The Authority remains committed to the delivery of the Basin Plan in full and on time. Both water resource plans and projects to adjust sustainable diversion limits are crucial to the success of the Basin Plan. While the Authority agrees with the Productivity Commission's concerns about tight timeframes, we are concerned about the proposal to change deadlines. Any significant extension would:

- increase the already significant annual overhead of delivering the Plan
- undermine confidence in the Plan as a whole
- delay states returning to an 'investor role' in broader river-related natural resource management in relation to the Basin
- delay the need to move to consider (and to act to improve) the new 'steady state'.

Previous experience of the Authority in implementing the Basin Plan has shown formal, wholesale time extensions, like those outlined by the Productivity Commission, yielded little additional benefit. The Basin Plan has a 12 year implementation timeframe. It is, and will continue to be, a very difficult and hotly contested reform process. It is difficult for any institution or government to maintain the reform momentum over such a timeframe. Hard interim deadlines and gateways focus all governments on the delivery of the tasks they have committed to.

## Water resource plans

*The Authority strongly supports the accreditation of quality water resource plans within the agreed timeframe. While there may be some slippage, there remains a commitment to ensuring all water resource plans are accredited and that core Basin Plan elements are in place by 30 June 2019.*

The Authority recognises that delivery of water resource plans is well behind schedule in some jurisdictions. Substantial effort has been invested by Authority staff in generating and maintaining cooperative and effective working relationships with Basin state governments to resolve policy or technical matters as quickly as possible. The intent of this work is to minimise risks associated with delays, to ensure Basin Plan requirements are met and quality water resource plans are brought forward within the required timeframes.

Basin state governments are now showing substantial commitment to the development of water resource plans, however there is likely to be some slippage. In simple terms, the effort now being made to complete water resource plans began too late.

Where needed, governments are putting measures in place to manage and mitigate risks to the timing of water resource plan completion.

We understand a small amount of additional time may be needed to ensure water resource plans meet the high standards required by Chapter 10 of the Basin Plan. To address such circumstances, the *Water Act 2007* allows for the Commonwealth Minister responsible for water and Basin state governments to negotiate in good faith. The Authority considers that sufficient progress has been made with all jurisdictions to finalise arrangements that set sustainable diversion limits for each water resource unit and have arrangements in for the register of water take in July 2019. Further, it will be possible to put in place provisions within water resource plans that embed unimplemented policy measures and protect water for the environment in the northern Basin.

In the context of challenging inter-jurisdiction policy, experience has shown that deadlines matter. The Authority is confident that the delivery of this key aspect of the overall reform process can be met, whilst concurrently using the arrangements set out in section 73 to manage any delay of the final accreditation process. For these reasons we do not believe any formal extension of timeframes is necessary or warranted.

## Sustainable Diversion Limit adjustment projects

*The Authority supports the Sustainable Diversion Limit Adjustment Mechanism and has advocated for improved transparency and community engagement in the ongoing development and implementation of both supply and efficiency projects. It is too early to make judgements on extending timeframes for the projects, and it is not clear that giving more time will get the outcomes needed. The Authority will provide public annual reports on the progress of project implementation.*

There is a commitment from the New South Wales, Victorian and South Australian governments to design and implement projects to adjust sustainable diversion limits, including constraints measures, by 2024. The Authority is working with Basin governments to ensure the projects are designed and implemented, in collaboration with local communities, as planned and intended.

It is understood that supply, constraints and efficiency measures will be challenging to complete within the timeframe. Some changes to the approach may be required prior to 2024, to allow for full implementation, particularly for some of the most challenging projects—notably constraints measures. However, we believe that any arrangements should be developed on the basis of demonstrated performance in the early years of implementation. The Authority envisages that these issues will be progressively addressed through Basin Plan governance structures as we approach 2024. At this early stage, the better approach is to encourage all governments to apply themselves diligently to the task, report regularly on progress, and to consider incentives for success.

The Authority will use an adaptive management approach to reconciliation of the adjustment to sustainable diversion limits. As part of this, the Authority will provide a public annual report, which will focus on monitoring and managing any issues— this will minimise the risks associated with delivering project outcomes within the required timeframe.

# Planning for environmental watering

*(In reference to Chapter 11 of the Draft Report — Environmental water planning and management)*

*The development of the annual environmental watering priorities is being continuously improved through lessons learnt from previous watering activities, ongoing research, monitoring of biological responses and stakeholder feedback.*

The development and publication of Basin annual environmental watering priorities guides annual decision-making to meet the outcomes of the Basin-wide environmental watering strategy. This strategy provides a strategic foundation to achieve Basin-scale long-term outcomes. This is an important improvement on previous arrangements, which failed to properly manage the Basin as a connected system.

The process of developing the annual priorities, particularly consultation with environmental water managers, influences decisions much earlier than the release date of the final priorities might suggest. Implementation of this part of the Basin Plan is a relatively new endeavour, which will need to be refined over time in order to maximise its effectiveness. Refinements will be made by learning from previous watering activities, ongoing research, monitoring of biological responses and stakeholder feedback. The review of the Environmental Watering Plan in 2020 will be an opportunity to reconsider the role of the annual priorities and explore ways to maximise their effectiveness, if it is deemed that they should continue to be produced.

## Changes to the structure of the Murray–Darling Basin Authority

*(In reference to Chapter 14 of the Draft Report — Institutions and governance)*

*While changes to the Authority’s structure or the creation of new agencies are a matter for the Australian Government, it is the Authority’s view that structural changes to the agency based on the rationale stated in the draft report are blunt, premature, and have the potential to undermine the successful implementation of the Basin Plan. The Authority’s interest is in the delivery of the Basin Plan in full and on time. No incentive exists for the Authority to act inconsistently with this purpose.*

When the Authority was originally established, the Australian Government carefully considered its governance arrangements. While the Authority accepts that there is the potential for some conflict in the differing roles within any agency. We do not, however, agree that this exists within the Authority to a degree that warrants structural separation. Indeed, the Authority is structured in a manner that is consistent with contemporary regulatory practice in the management of complex cross-jurisdictional issues.

While the draft report outlines what it considers to be shortcomings of current arrangements, the Authority considers that the potential for conflicts in many areas may be overstated, and the benefits of the agency remaining as one organisation have not been appropriately weighted. Many agencies have a similar duality of roles to that of the Authority—for instance, South Australia’s Department of Environment, Water and Natural Resources and the Australian Government Department of Agriculture and Water Resources.

The Authority has processes in place to manage any possible conflicts. For example, the creation of the Office of Compliance within the agency is designed to manage any potential conflict arising from our different roles. This office will continue to grow, evolve and mature as the Authority moves from implementation, to include more regulatory functions (e.g. water resource plan compliance and Basin Plan monitoring and evaluation).

Other tensions can be managed by structural separation of roles within the agency. For example, our assessment of the design and implementation of supply projects will exclude any staff who have worked on the design of these projects on behalf of states (if this occurs). We will also seek independent expert advice on the assessment of projects, and be transparent in our reporting of this work.

It is not clear that the benefits of creating two new agencies outweigh the costs. There are important synergies in the current structure of the Authority. Having both river operations experience, a policy/planning role and regulatory capacity is one of the Authority’s key strengths. Each of these functions benefit from the presence of the others within the agency. For example, planning the delivery of water for the environment requires an intimate knowledge of current river operational rules. Conversely, developing proposals to improve the current rules requires policy and planning experience, combined with knowledge of the system. Both of these functions benefit from having the knowledge available internally, to ensure policies or planned actions consider what is practical and feasible in reality.

The agency is already a small organisation—splitting it in two would involve high transaction costs and the overlap in responsibilities and work programs between the proposed organisations has significant potential to create inefficiencies. For example, the current modelling and eco-hydrology teams serve both operations and planning functions—but two new teams with this function would need to be created under the recommended structure. Similarly, corporate overheads of two smaller organisations would be an increased burden on taxpayers.

## River Murray capacity issues

*The Authority does not anticipate that institutional changes will be needed to underpin reforms to the way the River Murray system is managed as a whole.*

The Authority has been working with partner governments for a number of years on the matter of River Murray system capacity risks and options. Work on this important issue is continuing through the Basin Officials Committee (BOC).

We do anticipate that changes will be needed to underpin reforms to the way the river system is managed as a whole. For example, it will be important for Basin governments to set clearer objectives for river operators—including River Murray operations and other agencies across the Basin—to optimise delivery of water for both the environment and consumptive users.

## Progress on issues raised

The Authority and Basin governments are already addressing many of the other issues raised in the draft report including:

- Traditional Owner knowledge and values are being integrated into water resource plans, and funding is available to acquire water for cultural flows.
- The appointment of former Australian Federal Police Commissioner Mr Mick Keelty as the Northern Basin Commissioner, to ensure compliance with Basin Plan rules in the northern Basin.
- A Northern Basin Project Group (comprising representatives from the Queensland and New South Wales governments, the Department of Agriculture and Water Resources, the Commonwealth Environmental Water Office and the Authority) has worked together to set up governance arrangements for the delivery of toolkit measures. The group is now working on the development and prioritisation of these measures to achieve Basin Plan environmental outcomes in the northern Basin. Currently a National Partnership Agreement is being drafted between the Commonwealth and state governments. An intergovernmental agreement to reflect these arrangements would give certainty to the program.
- New South Wales and Queensland have begun work on the protection of water for the environment. The recent [northern connectivity flow event](#) releasing water for the environment to connect river systems across the northern Basin was a joint effort by the Australian and New South Wales governments. New South Wales placed temporary restrictions on Barwon-Darling Unregulated River water access licences to protect these valuable low flows as they entered and travelled along the river.

# Conclusion

There is still more work to do in implementing the Basin Plan. The Authority will maintain its role as the independent body overseeing water management in the Murray–Darling Basin. We represent the interests of all Australians, and facilitate governments to implement the Basin Plan in-full and on-time.

The Basin Plan aims to deliver a healthy working Basin for all Australians and is delivering positive results that should not be overlooked. We acknowledge there is always room for improvement. This mid-way point in Basin Plan implementation and this review represent a good opportunity to consider what is working well and where we may want to consider adaptations.

It is now time to look to the future. Following the latest successful amendments to the Basin Plan, Basin governments have a clear pathway to 2024. Collectively, we need to stay the course, maintain support from partner governments, and implement this vital reform to ensure the Basin is healthy and productive both now, and for future generations.

The Authority looks forward to the final Productivity Commission report and we will consider any recommendations on how we can improve on delivering the Plan.

---

**Office locations**

Adelaide

Albury–Wodonga

Canberra

Goondiwindi

Toowoomba

 [mdba.gov.au](https://mdba.gov.au)

 1800 230 067

 [engagement@mdba.gov.au](mailto:engagement@mdba.gov.au)