

The SDL adjustment mechanism

28 June 2018



Australian Government



Outline of presentation



- What is the SDL adjustment mechanism?
- Phased assessment process
- Operation of the mechanism
- Reconciliation

The SDL adjustment mechanism

- Basin Plan is flexible and adaptive
- Included to improve both socio-economic and environmental outcomes
- Adjustment up or down by 5 per cent (approx. 543 GL).

Basin states	DAWR	MDBA	Commonwealth Minister	Federal Parliament
Propose and deliver projects, assesses each other's projects	Provides project funding, assesses projects, implementation of the efficiency measure program	Technical analysis of projects, determines adjustment amount, makes recommendation to Commonwealth Minister, monitors progress, reconciliation decision	Reviews MDBA recommendation and introduces legislation to Parliament as law	Allow/disallow legislation

SDL adjustment mechanism

1

The Basin Plan establishes the amount of water that can be used by communities in the Basin - **Sustainable Diversion Limit**. The Sustainable Diversion Limit is a long term average and can change.



10,873 GL

2

An Adjustment Mechanism was built into the Basin Plan to provide flexibility. This means the Sustainable Diversion Limit can be adjusted up or down by **5 percent**.



10,330 GL ← -5% -543 GL 10,873 GL +5% +543 GL 11,416 GL

3

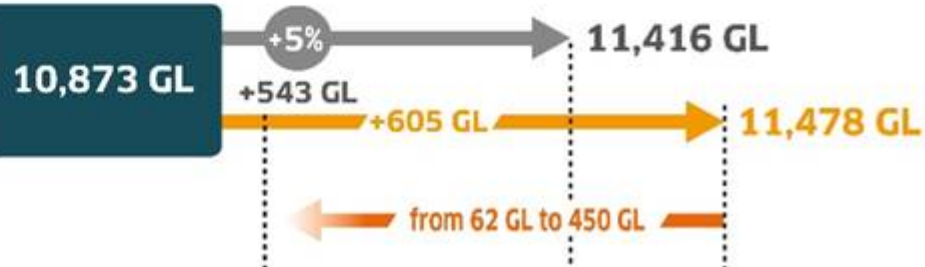
The proposed adjustment of 605 GL through **supply** projects under the Sustainable Diversion Limit Adjustment Mechanism exceeds the 5 percent adjustment limit amount by 62 GL.



10,873 GL +5% +543 GL 11,416 GL +605 GL 11,478 GL

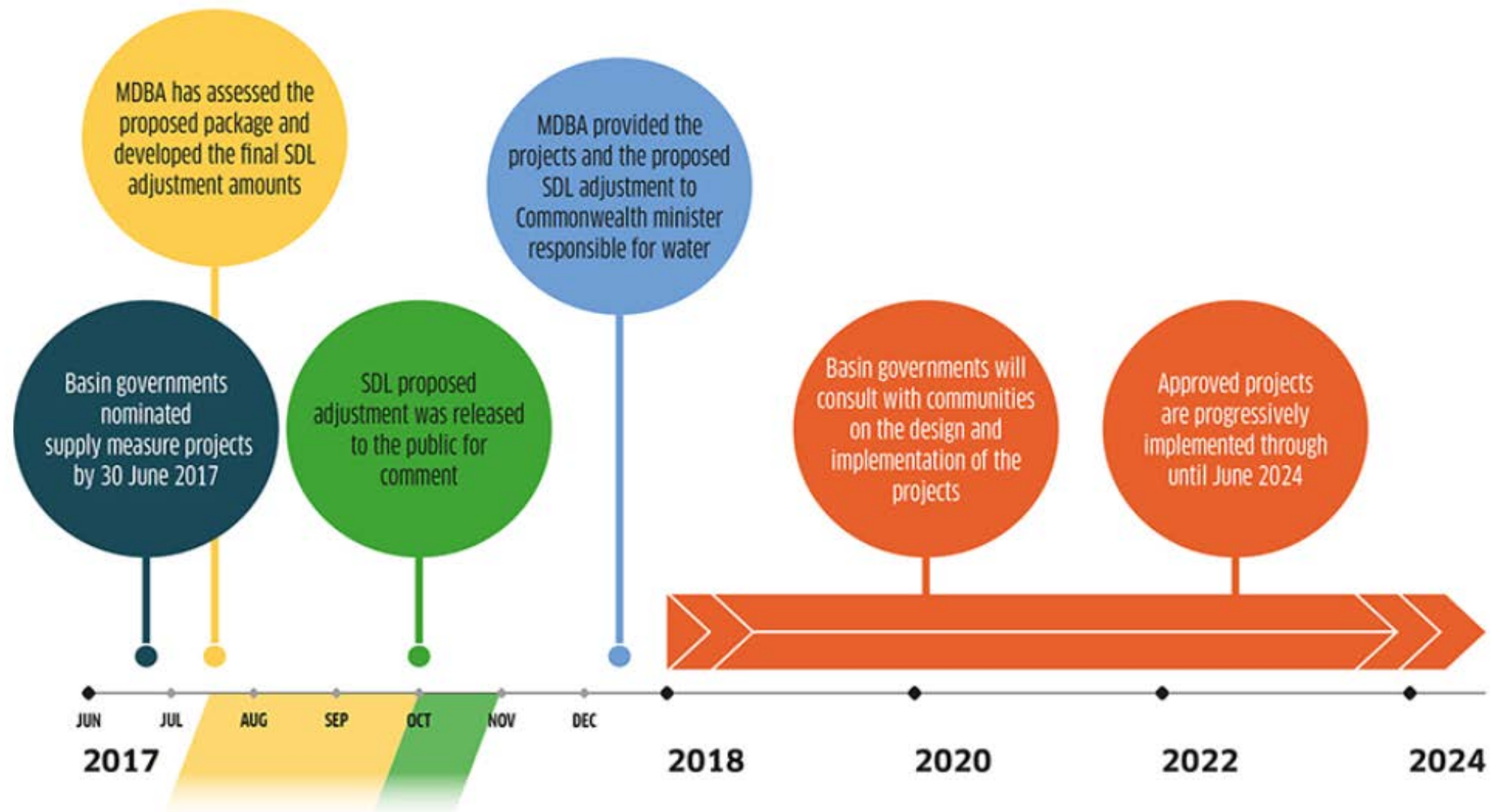
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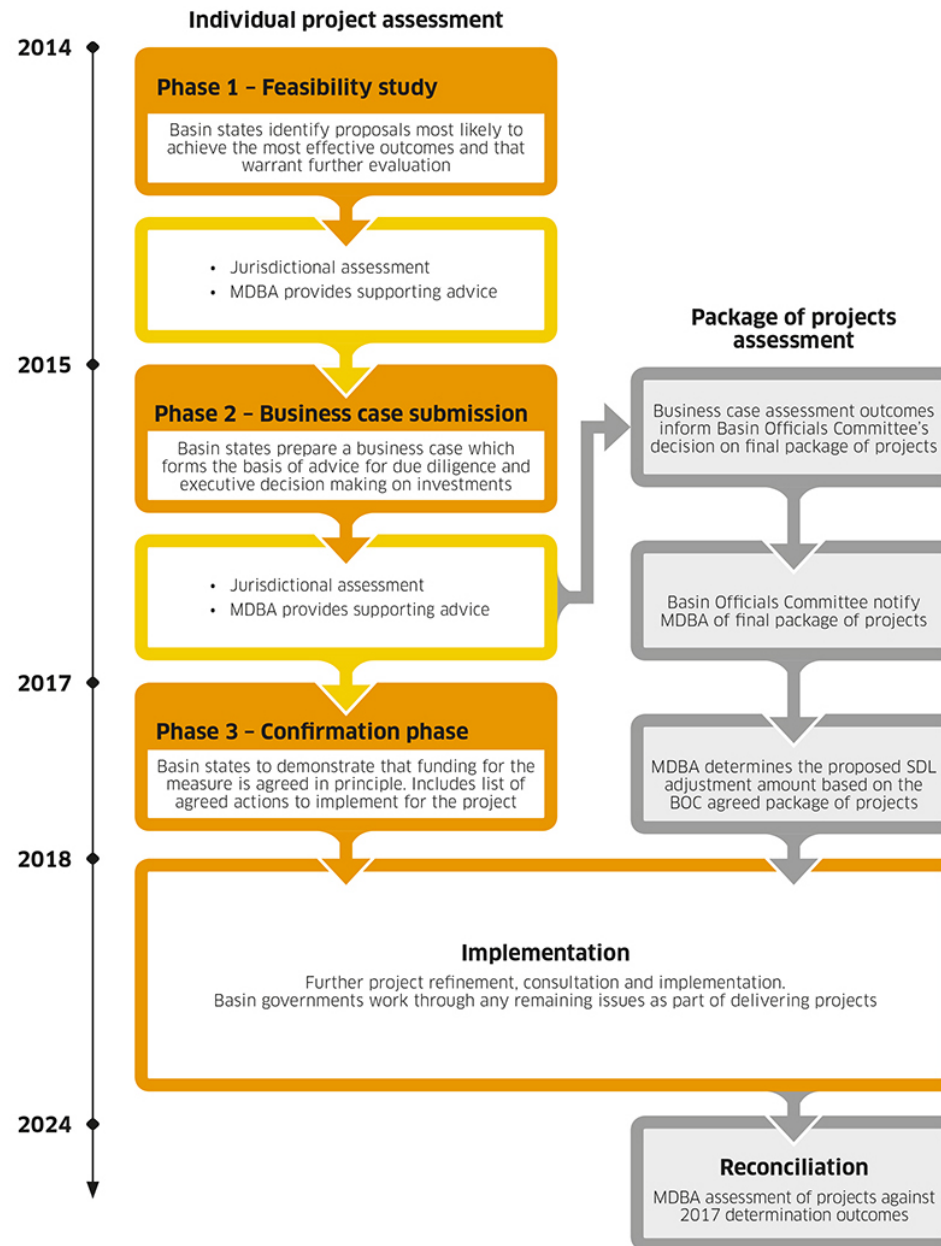
There is a need for a minimum of 62 GL of **efficiency** projects for the Sustainable Diversion Limit Adjustment Mechanism to achieve expected environmental outcomes by 30 June 2019. Further efficiency measures (450 GL) will be implemented by June 2024 but need to have neutral or no adverse socio-economic impacts.



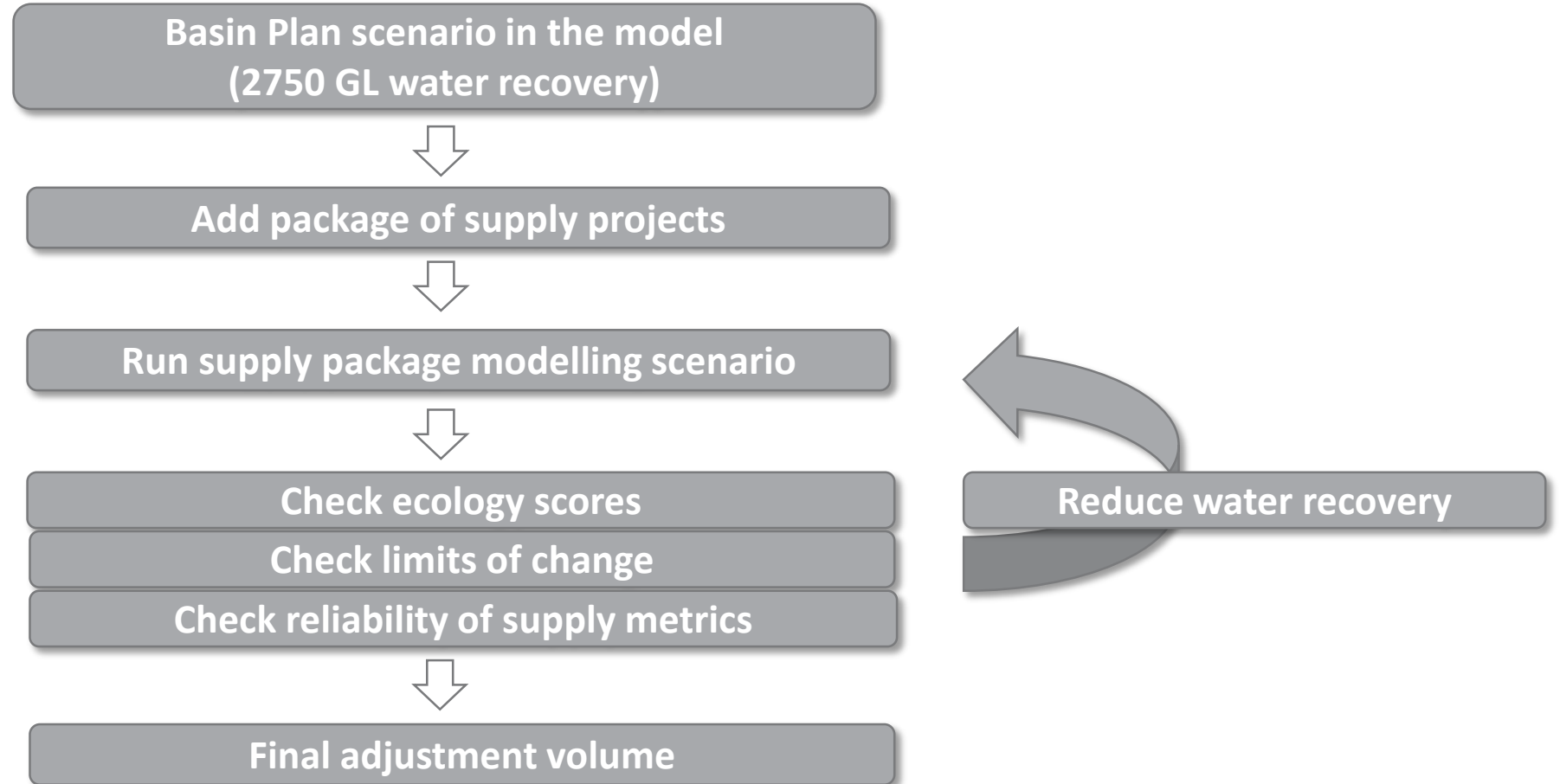
10,873 GL +5% +543 GL 11,416 GL +605 GL 11,478 GL from 62 GL to 450 GL

Timing for the SDL adjustment mechanism





Operation of the mechanism



PPMs must be in place by 30 June 2019

Next steps

- The Sustainable Diversion Limit (SDL) adjustment mechanism amendment was given to the previous Commonwealth Minister responsible for water on 8 December 2017 and became law on 13 January 2018.
- From here, states will further refine and develop the supply projects, working with their communities. Some, e.g. The Living Murray projects are already in operation.
- The Basin Plan provides the MDBA with the option to undertake a reconciliation of the 2017 SDL adjustment in 2024 if it considers this necessary.
- Reconciliation tests if the package of supply projects, as implemented in 2024, has delivered the expected environmental outcomes.
- To make this decision, the MDBA will continue to play a key role in monitoring the integrity of the operation of the adjustment mechanism and will use an adaptive management approach running from 2018 through to 2024.

Reconciliation

- Many of the supply projects have important issues and risks to be resolved during the implementation phase from 2018–2024.
- It is clear that most projects will evolve and change, through concept trials, community and stakeholder input, and interactions between projects as they develop.
- The MDBA acknowledges that some projects may not deliver the full environmental benefits expected, and other projects may improve and deliver greater environmental benefits, as refinements are made through learning and adaptation.

Adaptive management approach

- The MDBA will evaluate, verify and publically report on project implementation progress to serve three purposes:
 - to provide the transparency and credibility needed for stakeholders and the community to have confidence in the supply projects delivering the expected environmental outcomes
 - to provide a level of accountability for project implementation across all state proponents
 - to best identify, manage and minimise risks associated with delivering project outcomes.
- The approach will include an annual evaluation of each project by the MDBA, using the best available evidence to assess progress made toward the delivery of expected environmental outcomes.
- The MDBA must be confident that any project changes will still deliver environmental outcomes consistent with the 2017 determination.
- The MDBA will undertake a formal reconciliation if reporting, through the adaptive management framework, indicates that this is not the case, using the method agreed by all Basin governments.

Thank you.

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