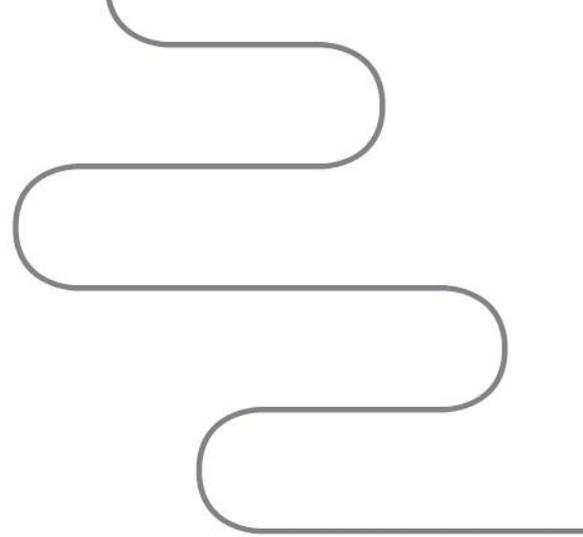




Australian Government



2015–16 self-assessment

Regulator Performance Framework



November 2016



MESSAGE FROM THE CHIEF EXECUTIVE

I'm pleased to present the Murray-Darling Basin Authority (MDBA) self-assessment under the Regulator Performance Framework for the 2015-16 financial year. The self-assessment sets out the MDBA's performance against its agreed metrics for the 2015-16 reporting period.

The Australian Government has committed to reducing the cost of unnecessary or inefficient regulation imposed on individuals, business and community organisations by at least \$1 billion a year. As a means of contributing to this, the Regulator Performance Framework is intended to assist in highlighting where improvement of regulatory frameworks could reduce compliance costs.

The framework requires Australian Government regulators to self-assess their regulatory performance once every 12 months. Regulatory performance is based on six key performance indicators and each regulator has developed its own metrics based on these indicators.

Only a very small portion of the MDBA's work is subject to the framework. Nonetheless, I am pleased that the relevant work is being undertaken in a manner consistent with the both the framework and the Australian Government's commitment to reducing the cost of unnecessary or inefficient regulation imposed on individuals, business and community organisations.

A handwritten signature in black ink, appearing to read 'P Glyde', written in a cursive style.

Phillip Glyde

Chief Executive

Murray-Darling Basin Authority

The MDBA's regulatory activity subject to the Regulator Performance Framework

There are some contextual factors that influence how much of the MDBA's work is subject to the framework. It is important to understand these factors as they influence the MDBA's self-assessment.

Firstly, the entities regulated by the MDBA are primarily governments or their agencies. Only a very small portion of the work involves direct regulation of non-government entities. Given that the focus of the framework is on impacts of regulation on individuals, business and community organisations (i.e. non-government entities), only a very small portion of the MDBA's work is subject to the framework. The relevant work is the administration of the Basin Plan water trading rules as those rules apply to individual traders and irrigation infrastructure operators. This is a relatively minor component of the MDBA's overall work and imposes a minor regulatory burden – the annual compliance cost has been estimated at less than \$15,000 for the entire regulated community.

Secondly, the relevant regulatory work is already well into the implementation phase following comprehensive stakeholder consultation prior to the enactment of the water trading rules in July 2014. Among others, that consultation targeted irrigation infrastructure operators and irrigation bodies. It also included bilateral meetings with regulated entities at each major stage of the decision-making process.

The consultation included a strong focus on how to minimise compliance burden on individuals, business and community organisations. As well as helping to promote transparency and accountability, this ultimately resulted in a trade rules system that already imposes minimal burden on those concerned. Given that the framework involves annual reporting periods (e.g. this self-assessment is concerned with activities undertaken in 2015–16), there is limited opportunity for the MDBA to report on the significant work already done as it pre-dates the framework's current reporting period.

The MDBA's 2015–16 self-assessment

In relation to the administration of the Basin Plan water trading rules as those rules apply to individual traders and irrigation infrastructure operators, the MDBA has in place a regulatory framework that is consistent with the intent of the framework in that it:

- provides for minimal impediment to the operation of individual traders and irrigation infrastructure operators
- includes effective communication channels
- provides that regulatory actions are proportionate to risk
- includes coordinated compliance monitoring approaches
- is based on transparency
- is subject to continual improvement.

The MDBA has developed strategic priorities in relation to the water trading rules to ensure that compliance efforts are proportionate to risk and do not unnecessarily impede the operation of regulated entities. These priorities are periodically revised. The priorities are underpinned by a Compliance Risk Management Framework that provides the foundation for the MDBA's risk-based approach to compliance.

The MDBA's compliance approach includes targeted communication and providing information. For example, the MDBA's water markets and trade section:

- advises the Trade Rules Working Group of our approach and strategic priorities in administering the water trading rules
- communicates with irrigation infrastructure operators regarding their roles and responsibilities
- encourages trade approval authorities to remind individuals of their requirements under the water trading rules in relation to price reporting.

To complement this targeted communication, the MDBA ensures a transparent approach by providing information on our website. This information includes a compliance strategy that outlines the MDBA's compliance approach, and publications outlining individual roles and responsibilities under the Basin Plan water trading rules. As a requirement of the Basin Plan, the MDBA also collects and publishes information on irrigation infrastructure operators' trading rules and water rights.

The MDBA also has effective mechanisms in place to receive information. As well as ongoing communication, our website allows stakeholders to register queries, complaints and allegations.

In addition to the framework, the MDBA recognises the need for continual improvement and is undertaking work that will contribute to the intent of the framework and reduce the regulatory burden on individual traders and irrigation infrastructure operators. This includes:

- ensuring staff are appropriately trained to undertake compliance activities and effective stakeholder engagement
- ensuring that evaluation is undertaken of communication effectiveness
- using feedback from stakeholders to inform continual improvement.

The MDBA will address these areas for improvement over the 2016–17 period.