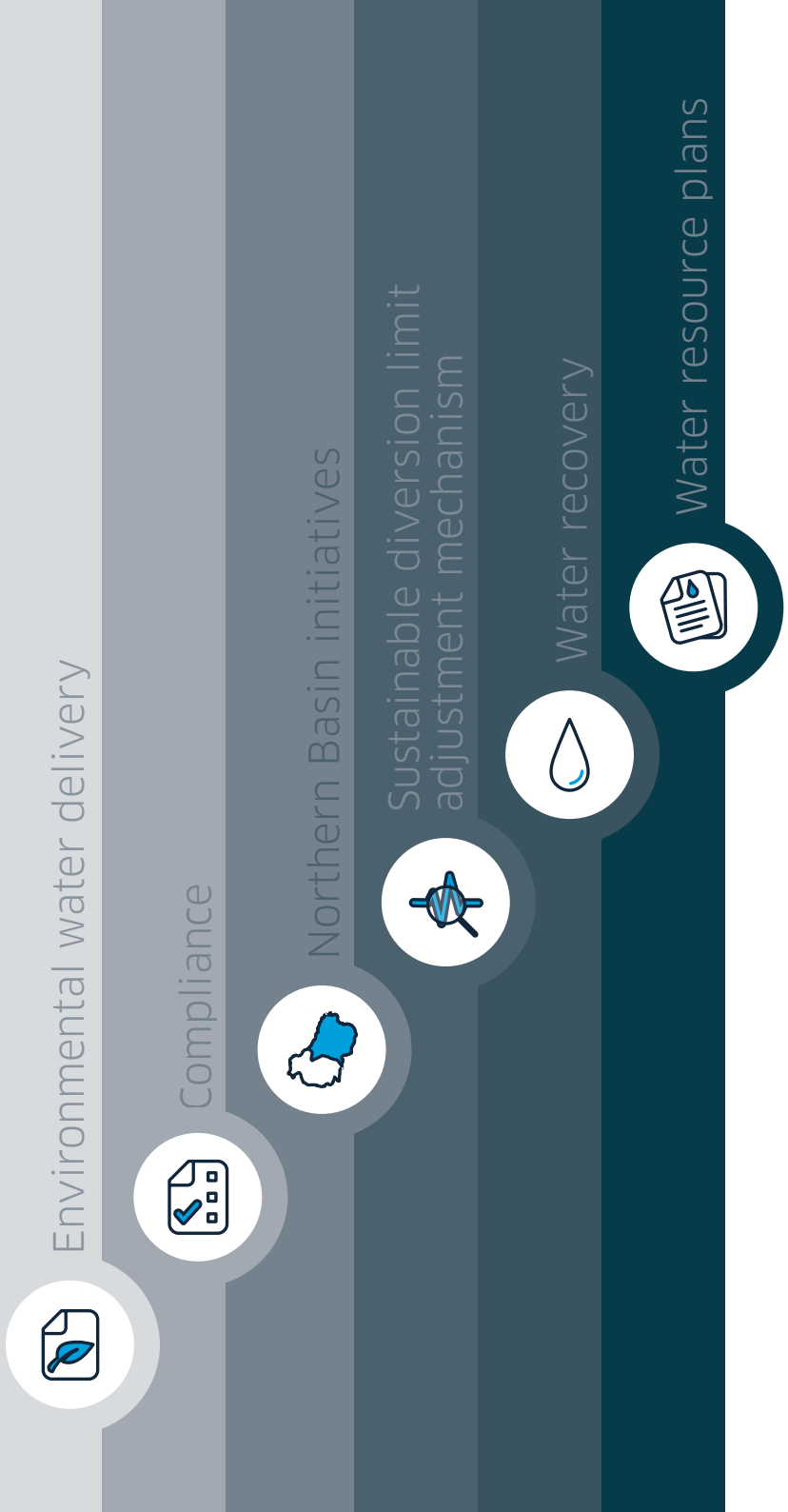


Australian Government

MURRAY–DARLING BASIN AUTHORITY

June 2020 Report Card

The beginning of 2020 has not been without its challenges. Most of the Murray–Darling Basin began the year in drought, with bushfires ravaging many areas, further impacting regional communities. The emergence of the COVID-19 pandemic has brought further strain to people across the Basin. We have seen welcome rain, but we have a long way to go before we can say that the drought is over. The Outlook from the Bureau of Meteorology is promising, but even with above average rainfall, water storages and the environment may not replenish enough to break the drought.

The Basin Plan Report Card provides a transparent overview of progress in implementing key elements of the Basin Plan. The MDBA's role is to monitor progress to achieve a healthy, working Basin—there has been progress across some key elements of the Basin Plan, others remain on track, while some elements are at risk. Progress needs to be carefully considered by Basin governments to determine what actions are working and what actions need to be reconsidered, adapted or fast-tracked to improve implementation and achieve better outcomes for everyone in the Basin.

Every five years the Basin Plan is evaluated to assess whether we are achieving a healthy, working Basin. Later this year, the MDBA will release an evaluation of the effectiveness of the Basin Plan and its elements, as well as progress towards outcomes. It will provide an opportunity to understand where improvements can be made to strengthen the social, economic and environmental outcomes being sought in the Basin.

Community knowledge and local feedback is crucial to the success of water management in the Basin. In recent months there have been several reviews released or undertaken. The Interim Inspector General's report on water sharing arrangements in the southern Basin released in April, highlighted the need for further transparency and accessibility of water management information, as well as the challenges some businesses and communities are facing. The Independent Social and Economic Assessment Panel's Draft Report released in March shows some communities are thriving while others are looking for a direction and vision. The draft report also noted the desire of many Basin industries and communities to see a more prosperous pathway for their futures.

What we are hearing from communities must be considered by all Basin governments in the implementation of all water management policies, not just the Basin Plan. All water management policies must work together for the Basin to thrive and the Plan to succeed.

Water managers know that drought, climate change and other factors are taking their toll, and communities and industries are also dealing with decades of water reform. The scale and pace of change is hard to maintain, and people need help to adjust, to maintain resilience and build a sustainable future. The Basin Plan is the first reform of its kind in the world—we know this generation is bearing the brunt of change, so the next generations can have certainty about their future. Basin governments need to work together to achieve this world-leading reform and need to work alongside the community to create a better future for everyone. We need to stay the course and adapt and change with the environment we live in.

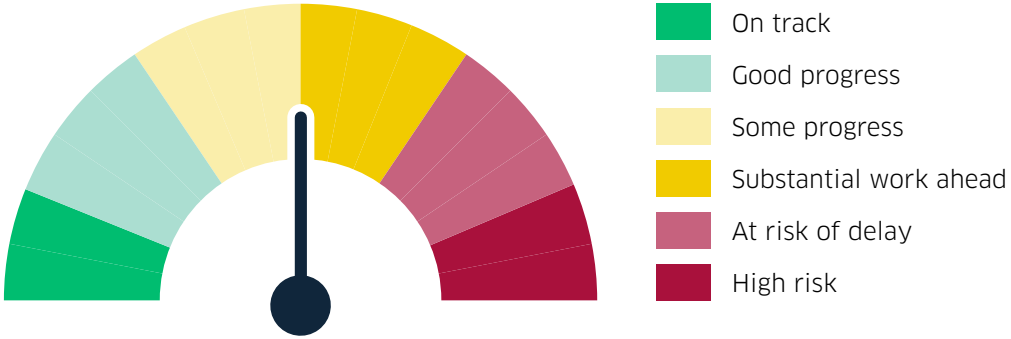
About the Report

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 fifth 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 a wide range of sources including the Basin Community Committee, regional engagement activities, peak bodies, social media, and the public hotline and email inbox. We have also been actively observing and listening to the feedback being obtained through a number of reviews occurring in the first half of 2020.

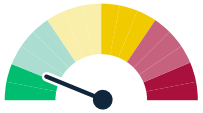
The fourth edition said some elements needed additional resourcing and immediate actions, and others were at risk of delay. Over the past six months, some elements have progressed well, but others remain at risk of delivery and delay. These elements are interconnected; the Basin Plan needs all these projects to progress to set the groundwork for a healthy and sustainable Basin.

Guide to the ratings:



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 still 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: Plans from Victoria, Queensland and South Australia are accredited and in place. Plans for the ACT have been assessed and have been recommended for accreditation.

Water resource plans (NSW)

Status: Plans were originally due 30 June 2019. NSW recently provided 11 groundwater plans to the MDBA for assessment. NSW has undertaken consultation on the remaining nine plans and agreed in April to submit all plans by 30 June 2020.

Northern Basin initiatives

Status: Projects are at various stages, with some projects on track providing confidence to communities, while some projects are delayed. A clear approach to implementation is required and should be made publicly available.

Water recovery

Bridging the gap

Status: Targeted local and shared recovery needs to be fast-tracked to ensure compliance and conclude the program. Future water recovery should consider lessons learned from the original program, including the impact on Basin communities.

Sustainable diversion limit adjustment mechanism

Supply measures

Status: The complex and significant supply and constraints projects remain at risk. There is a high level of stakeholder concern with the major projects. Without implementation of all these projects by 2024, more water will need to be recovered.

Efficiency measures

Status: Only a very small amount of water has been recovered under this program, with little progress since the launch of the program in 2019 (1.9 GL/y as at March 2020).

Compliance

Status: Consistent metering and transparent information about governance arrangements is required to build confidence in water regulation. Basin governments have protected the first flush following significant rainfall in the northern Basin. An evaluation of this event is underway.

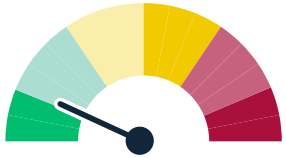
Environmental water delivery

Status: Environmental water holders and Basin governments have used water strategically, on the back of recent rainfall to improve river health for everyone. Further transparency and improved communications are needed to provide communities with confidence that water for the environment is achieving outcomes.

Priority one
Water resource plans

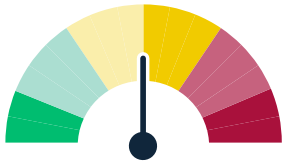
Water resource plans are an integral element of implementing the Basin Plan, as they set new rules for how much water can be taken from the system, ensuring the sustainable diversion limits in each area are not exceeded over time. The plans also ensure that state water management rules meet the Basin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

Water resource plans
Plans from Victoria, Queensland and South Australia are accredited and in place. Plans for the ACT have been assessed and have been recommended for accreditation.



NSW Water resource plans
Plans were originally due 30 June 2019. NSW recently provided 11 groundwater plans to the MDBA for assessment. NSW has undertaken consultation on the remaining nine plans and agreed in April to submit all plans by 30 June 2020.

- There has been considerable effort in recent months by Basin state governments to complete and put in place their water resource plans.
- At this stage, 11 plans are accredited and are in operation. The MDBA's water resource plan quarterly report shows that:
  - New South Wales: 11 groundwater plans were provided to the MDBA for assessment in April, while NSW has undertaken further consultation on nine surface water and has committed to providing these to the MDBA for assessment by 30 June 2020.

Priority one (continued)
Water resource plans

  - Queensland: all plans accredited and operational
  - South Australia: all plans accredited and operational
  - Victoria: all plans accredited and operational
  - Australian Capital Territory: with the Commonwealth Minister responsible for water for accreditation.

- The MDBA is confident the ACT plans will be accredited and operational before the next water year begins.
- In the past six months, the NSW government has done significant work to prepare its required 20 water resource plans.
- While no NSW plans were submitted by 31 December 2019, NSW and the Australian Government have been working together to secure the delivery of these plans.
- NSW will need to submit high quality documentation for its remaining plans that is supported by appropriate consultation with stakeholders, including First Nations. Timely and thorough assessment poses a challenge for the MDBA, if it does not receive the appropriate documentation.
- Where plans are not accredited, the MDBA and NSW have ensured key elements of Basin Plan commitments continue to remain in place for the next water year (1 July 2020). This includes compliance with sustainable diversion limits and protection for environmental flows. A bilateral agreement with NSW has been extended to ensure their water use is compliant.
- It is important that floodplain harvesting use is captured in water resource plans, so this type of water use can be brought into the regulated system.
- Water resource plans will quantify and collate information on floodplain harvesting that was not previously available.
- The Basin Plan requires a better understanding of water use and relevant Basin governments are working to bring all floodplain harvesting into the regulated system.
- 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.

Stakeholders are saying:

We need to ensure plans protect flows for the environment after drought.

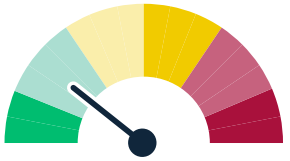
Plans need to include new information, they need to be relevant to our situation right now.

State water sharing policies need to be in line with the Basin Plan.

Priority two
Water recovery

The Australian Government runs a water recovery program to achieve the sustainable diversion limits (SDLs) set out in the Basin Plan. Sustainable diversion limits indicate how much water can be used whilst leaving enough water to sustain the environment. 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
Targeted local and shared recovery needs to be fast-tracked to ensure compliance and conclude the program. Future water recovery should consider lessons learned from the original program, including the impact on Basin communities.

Bridging the Gap

- This water recovery program needs to be finalised to provide certainty to Basin communities.
- An independent panel assessing social and economic conditions in the Basin found that water recovery remains a major source of concern and tension for Basin communities.
- Communities are seeking to understand the plan and expected timeframes for meeting recovery targets. The independent panel in their draft report, released March 2020, found: "*The way in which water is recovered has had significant implications for Basin communities, their comparative and competitive advantages, and their long-term adaptive capacity and development potential.*"
- At a Basin scale more than 98% of this recovery is complete—as of March 2020, 2,098.5 GL/y of water has been recovered.

Priority two (continued)
Water recovery

- There is still 46.7 GL/y that remains to be recovered to meet the target outlined in the Basin Plan, while it is acknowledged that there has been some over recovery in some catchments and this needs to be addressed.
- Local recovery needs to be completed, to provide communities with confidence that the Bridging the Gap recovery program has concluded.
- The revision of planning assumptions or 'cap factors' has been progressed in all states—these factors determine if the correct amount of water has been recovered in each region. The updated factors may require some further recovery in the southern Basin.
- For groundwater, as at 31 March 2020, there has been 35.2GL/y recovered. Recovery is still required in the Upper Condamine Alluvium with a target of 38.45 GL/y. At 31 March 2020 a further 3.2 GL/y is required.

Stakeholders are saying:

The buyback of water has had a huge impact on communities, and some of the over-recovered water should be returned.

We'd like this program finished, so we know we are done on this stage of recovery.

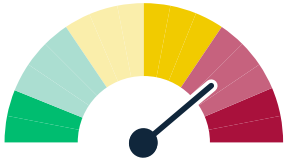
Water accounting is complex, and governments need to improve communications about recovery and sustainable diversion limits.

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 enables more efficient water use. 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 can choose to 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 measures
The complex and significant supply and constraints projects remain at risk. There is a high level of stakeholder concern with the major projects. Without implementation of all these projects by 2024, more water will need to be recovered.

Efficiency measures
Only a very small amount of water has been recovered under this program, with little progress since the launch of the program in 2019 (1.9 GL/y as at March 2020).

Supply measures (including Constraints)

- As of March 2020, of the 36 supply and constraint projects:
  - 16 have made good progress and are under construction, undertaking operational trials or in operation
  - 14 projects have made some progress with project design and implementation, however could experience ongoing delays due to stakeholder concerns
  - 6 projects are at significant risk of not being operational by June 2024.
- The MDBA SDLAM Annual Progress Report, released on 15 June 2020, said the projects not on track make a significant contribution to the overall adjustment

Sustainable diversion limit adjustment mechanism

(estimated to be at least 150 GL/y). If these projects are not operational by 2024, the MDBA reconciliation will most likely recommend further water recovery to make up for the loss.

- The Enhanced Environmental Water Delivery (also known as hydro cues) and Menindee Lakes projects have been slow to progress, due to stakeholder concerns and the complexities involved in establishing program frameworks and governance. The NSW Government has begun an extensive stakeholder consultation program for the Menindee Lakes projects.
- The Victorian and NSW governments commissioned an independent analysis of constraints modelling and presented the report to Ministerial Council in December 2019. This review has delayed progression of the NSW and Victorian constraints projects.
- The co-design process proposed by Victoria means the constraints design and approvals stage (stage one) is expected to conclude in 2023, leaving insufficient time for the delivery of infrastructure works (stage two) prior to 2024. Engagement is needed for these projects to succeed, but the extended timeframe makes delivery unrealistic by the deadline.
- The Murrumbidgee, Lower Darling and Goulburn constraints projects have also been progressing slowly. All constraints projects are at significant risk of not being delivered by 30 June 2024, or potentially, not being delivered at all.

Efficiency measures program

- As at March 2020, the water efficiency program had obtained just 1.9 GL of water. There has been limited progress since the previous update in December 2019.
- The program needs to recover 62 GL/y during the first phase as part of the adjustment mechanism. As the 62 GL is not recovered, another water year begins in June 2020 with the SDL adjustment at 544 GL/y.
- The Independent Panel on Social and Economic Condition in the Basin released their draft report in March 2020, and found that the 450 GL water recovery program is causing concern and anxiety across Basin communities.
- The Panel found that most communities were supportive of the socio-economic criteria, and the draft report recommended 'the robust socio-economic neutrality criteria should be rigorously tested and applied'.
- 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 contribute to 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 apply.
- Basin governments will need to consider a review that is being undertaken on the future of the Efficiency Measures Program.

Stakeholders are saying:

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

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 70GL reduction to the 390GL 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.

MDBA assessment:

Projects are at various stages, with some projects on track providing confidence to communities, while some projects are delayed. A clear approach to implementation is required and should be made publicly available.

- Queensland and New South Wales have made some progress on implementing the toolkit projects. The MDBA is providing advice on all measures and has coordinated an ecological assessment framework.
- Two measures, the protection of water for the environment and coordination of water for the environment, have been operating since 2018 through a series of interim arrangements for New South Wales and in Queensland water resource plans, including, most recently, the protection of first flush flows from the northern Basin flow event through to Menindee Lakes (February to April 2020).
- The first flush met downstream critical town water and stock and domestic needs. The NSW Government is undertaking a review of the first flush event to learn from it and apply these lessons to future management. Embedding that secure first flush protection should be built into water resource plans.

Priority four (continued)
Northern Basin initiatives

- Regarding other projects, Queensland and NSW are developing feasibility proposals for environmental works and measures projects seeking toolkit funding by 31 July 2020. It is essential that this timeframe is met to ensure that work progresses in a timely manner.
- Progress on infrastructure projects has been slower than expected, partly due to COVID-19 restrictions and impacts. There has been limited progress on measures such as fishways and the Gwydir constraints project.
- All measures must enter operation by 30 June 2024. At this stage, delivering the prioritised projects within this timeframe will be challenging and further delays will increase implementation risk.
- Basin governments should look to fast-track project implementation where possible and communicate progress with communities in the northern Basin.

Stakeholders are saying:

We want to know how projects in the northern Basin are progressing, we need more public information.

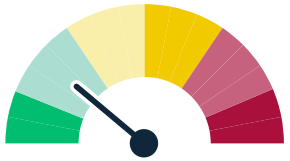
The rain was a welcome relief, but we need more of it before the drought is over.

Locals know the northern Basin environment and their views should be considered and incorporated into water management in the north.

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:

Consistent metering and transparent information about governance arrangements is required to build confidence in water regulation. Basin governments have protected the first flush following significant rainfall in the northern Basin. An evaluation of this event is underway.

- Basin states are generally making good progress against the compact commitments, as seen in the MDBA's Compliance Annual Assurance Report.
- The 2020–21 compliance priorities are being developed by the MDBA in consultation with Basin state governments.
- The Independent Assurance Committee has called on all Basin governments to progress key compliance activities, after raising two concerns:
  - *the first concern is the slow and uneven progress with improvements to the metering and measurement of water extracted from the Murray–Darling Basin, including water harvested from the floodplain in the northern Basin. All Basin states have work to do to ensure that metering meets the standards.*
  - *the transparency and accountability of water*

governance in each jurisdiction. There is still a reluctance to share essential information about how water is managed.

- Progress is underway to improve compliance reporting and metering across the Basin. Implementing new and universal metering standards is a large task and though the rate of progress is slow, foundational work is moving ahead and confidence among communities is building.
- Progress on metering is different across Basin states, but all states are working towards Australian metering standards, which require pattern approved meters.
  - NSW has a risk-based policy requiring pattern approved meters and telemetry. All meters in NSW are expected to be pattern approved by 2023.
  - Queensland has completed its exhaustive consultation on meters and is considering its non-urban water metering policy.
  - South Australia requires new and replacement meters be pattern approved meters from 2019.
  - Victoria published its new metering policy in March 2020, which complies with Compact obligations.
  - The ACT has had a metering policy in place since 2015, which requires all new and replacement meters to be pattern approved.
- All Basin governments need to commit to publishing accessible and timely compliance information and governance arrangements to build community confidence in the regulatory systems that are in place.
- We have seen regulation and compliance in action in recent months—the first flush that occurred in the northern Basin (from February 2020 onwards) was monitored via satellite and Queensland and New South Wales put embargoes in place.
- More needs to be done by New South Wales to demonstrate that the interim targets used for the embargos were achieved, and if they were appropriate. The MDBA will also audit Queensland to determine if actions in relation to this event were in line with the state's water resource plans.
- In August 2019, 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, but permanent appointment of someone to this role is needed to provide community confidence in compliance of water management arrangements.
- The Australian Competition and Consumer Commission's (ACCC) inquiry into the Murray–Darling Basin water market is due to provide its interim report to the Treasurer by 30 June 2020. The inquiry is considering the water market and options to enhance their operations, transparency, regulation, competitiveness and efficiency.

Stakeholders are saying:

Governments need to be clear about who is taking water and when – metering needs to be the same across all states.

We still struggle to understand who does what in the water space – clear and consistent information is needed.

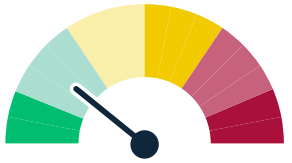
The ACCC review needs to call for a transparent water market.

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 like 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:

Environmental water holders and Basin governments have used water strategically, on the back of recent rainfall to improve river health for everyone. Further transparency and improved communications are needed to provide communities with confidence that water for the environment is achieving outcomes.

- Water for the environment was critical over the summer months of 2019–20, providing refuges for some of the Basin's native wildlife, ahead of welcome rain in early 2020.
- Environmental water holders in the northern Basin and Basin state governments (NSW and Qld) worked collaboratively to ensure rainfall reached many downstream catchments—this was the Basin Plan in action.
- The newly established Northern Basin Environmental Watering Group is operational and working to better coordinate across catchment and state boundaries. The group met on multiple occasions in early 2020 to support cross-government management of the northern Basin first flush flow event.

Priority six (continued)
Planning and delivery of environmental water

- The Commonwealth Environmental Water Office (CEWO) has piloted a project to help keep midsized flows in the river upstream of Narran Lakes so more water reached a dry and stressed habitat. The pilot event-based mechanism was implemented in February to March 2020, providing approximately 8 GL of additional water to the Narran Lakes after more than seven years of dry conditions—the last time Narran Lakes had experienced significant watering was in 2013. Examples of event-based mechanisms include one-off temporary trade by event, options for pumping (enduring agreements) and store and release.
- There is widespread commitment to improving the transparency of environmental water use and what it achieves—a new monitoing, evaluation and research website has been launched by the Commonwealth Environmental Water Office to provide insight on how water for the environment is achieving outcomes at a local level, while the Southern Connected Basin Environmental Watering Committee has published its second Annual Report.
- This information is welcome, but Basin governments need to work together to communicate the importance of water for the environment and how it works and interacts with other water use, as well as activities and outcomes of watering events.
- The delivery and availability of water for the environment is dependent on other elements of the Basin Plan being implemented in full. The projects under the sustainable diversion limit adjustment mechanism (see section three – SDLAM), must be implemented for Basin Plan environmental objectives to be achieved—projects at risk of delay, place environmental outcomes at risk.

Stakeholders are saying:

Water for the environment needs to be protected – over-extraction has gone on for too long.

We question whether water for the environment should be used during a drought.

It was great to see more information available on what water for the environment achieves.

Office locations
Adelaide
Albury-Wodonga
Canberra
Goondiwindi
Griffith
Mildura
Murray Bridge
Toowoomba

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

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